

Committee on Revenue
Summary and Disposition of Bills

One Hundred Fifth Legislature
First Session
July, 2017

Senator Jim Smith, Chair

COMMITTEE ON REVENUE

105th Legislature

2017

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105th Legislature – First Session of the Legislature of Nebraska – January 2017

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 12	Krist	Change homestead exemption requirements relating to income statements and certifications of status	1/19/17	None		In Committee		
LB 15	Craighead	Adopt the First-Time Home Buyer Savings Account Act	1/18/17	None		In Committee		
LB 20	Kolterman	Change provisions relating to homestead exemption certifications	1/19/17	1/26/17; Advanced to General File, 8-0	None	Passed on Final Reading, 41-0-8	Approved, 5/10/17	
LB 44	Watermeier	Adopt the Remote Seller Sales Tax Collection Act	1/27/17	3/13/17; Advanced to General File, 5-0-3	None	Select File		-Senator Watermeier Priority Bill
LB 48	Schumacher	Provide an income tax adjustment relating to certain gains on the sale of real estate	1/18/17	None		In Committee		
LB 49	Schumacher	Provide for the treatment of certain amendments to the Internal Revenue Code	2/1/17	3/14/17	Amended into LB 217 with AM 634	Enacted with LB 217		-See LB 217 for AM 634 explanation
LB 51	Schumacher	Change provisions relating to sales for real property for nonpayment of taxes	1/19/17	3/13/17; Advanced to General File, 6-2	AM 267	General File		-Committee Amendment – AM 267 - pending
LB 52	Schumacher	Adopt the Modern Tax Act	1/18/17	None		In Committee		
LB 169	Wayne	Exempt social security benefits and retirement income from income taxation	2/10/17			In Committee		

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 63	Scheer	Change a sales and use tax exemption relating to political events	1/20/17	1/26/17 Advanced to General File, 8-0	None	Passed on Final Reading, 44-0-5	Approved, 5/10/17	
LB 65	Hanen	Provide income tax credits for caregivers	1/26/17			In Committee		
LB 69	Pansing Brooks	Increase the earned income tax credit	2/1/17			In Committee		
LB 77	Crawford	Change provisions relating to access to sales and use tax information by municipalities	1/20/17			In Committee		
LB 98	Friesen	Extend certain levy authority for natural resources	2/2/17	3/15/17; Advanced to General File, 7-1	None	Failed to advance to Select File		-Speaker Priority Bill
LB 118	Hilkemann	Adopt the Education Savings Account Act and provide income tax adjustments	1/26/17			In Committee		
LB 121	Brewer	Change Provisions relating to the taxation of military benefits	2/10/17			In Committee		
LB 126	Groene	Change the sunset dates under the Nebraska Job Creation and Mainstreet Revitalization Act and the Nebraska Advantage Act	2/9/17			In Committee		
LB 129	Morfeld	Increase the Earned Income Tax Credit	2/1/17			In Committee		
LB 161	Friesen	Change a carryover period under the Nebraska Advantage Act	1/25/17	2/1/17; Advanced to General File, 6-1-1	AM 141	Passed on Final Reading, 44-2-3	Approved, 4/27/17	-Smith Priority Bill -Committee Amendment – AM 141 - adopted

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 174	Morfeld	Adopt the Apprenticeship Training Program Tax Credit Act	2/1/17			In Committee		
LB 190	Kintner	Provide limit on tax on cigars, cheroots, and stogies	None	2/7/17, 8-0		Indefinitely Postponed		
LB 215	Harr	Adopt the Nebraska E-15 Tax Credit Act	2/3/17			In Committee		
LB 217	Harr	Change revenue, taxation, economic development, and tax incentive provisions	2/2/17	3/14/17; Advanced to General File, 8-0	AM 634	Passed on Final Reading, 47-0-2	Approved, 4/27/17	-Revenue Committee Priority Bill -Committee Amendment – AM 634 – adopted
LB 228	Harr	Change provisions relating to rent-restricted housing projects	3/3/17	3/14/17	Amended into LB 217 with AM 634	Enacted with LB 217		- See LB 217 for amendment explanation
LB 232	Kolterman	Provide a property tax exemption for property lease to the state or a governmental subdivision	2/23/17			In Committee		
LB 233	Smith	Change revenue and taxation provisions	1/25/17	2/1/17; Advanced to General File, 8-0	AM 127	Enacted with LB 217		-Stinner Priority Bill -Committee Amendment – AM 127 – pending -LB 233 amended into LB 217 with AM 634
LB 234	Smith	Update references to the Internal Revenue Code	1/25/17	1/26/17; Advanced to General File, 8-0	None	Passed on Final Reading with E-Clause, 47-0-2	Approved, 5/10/17	
LB 236	Erdman	Change provisions relating to the inclusion of multiple lots in one parcel	2/23/17			In Committee		

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 238	Erdman	Change provisions of the Nebraska Budget Act relating to certifying	2/23/17	3/14/17	Amended into LB 217 with AM 634	Enacted with LB 217		-See LB 217 for amendment explanation
LB 249	Harr	Expand business inventory property tax exemption	2/23/17			In Committee		
LB 251	Harr	Redefine agricultural or horticultural purposes for revenue and taxation purposes	2/16/17		Amended into LB 217 with AM 993	Enacted with LB 217		
LB 253	Crawford	Authorize intergovernmental service agreements under the County Industrial Sewer Construction Act and authorize a use for a sewer tax levy	2/24/17	3/22/17; Advanced to General File, 5-3	AM 693	Passed on Final Reading, 46-0-3	Approved, 5/9/17	-Speaker Priority Bill -Committee Amendment – AM 693 – adopted
LB 266	Friesen	Change the valuation of agricultural land and horticultural land	2/16/17			In Committee		
LB 272	Vargas	Change procedures for tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act	3/3/17			In Committee		
LB 288	Harr	Change provisions relating to service of notice when applying for a tax deed and the laws governing tax sale certificates	2/24/17	3/14/17	Amended into LB 217 with AM 634	Enacted with LB 217		-See LB 217 for amendment explanation
LB 291	Larson	Adopt the Special Economic Impact Zone Act and change the Nebraska Investment Finance Authority Act and the Nebraska Investment Finance Authority Act and the Nebraska Revenue Act of 1967 as prescribed	3/1/17	3/13/17; Advanced to General File, 5-1-2	AM 530	Select File		-Larson Priority Bill -Committee Amendment – AM 560 - adopted
LB 295	Smith	Adopt the Opportunity Scholarships Act and provide tax credits	1/26/17	5/18/17; Advanced to General File, 5-3	AM 1418	General File		-Committee Amendment – AM 1418 - pending

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 312	Briese	Change and eliminate revenue and taxation provisions	2/22/17			In Committee		
LB 313	Briese	Change the sales and tax rate and the earned income tax credit and provide property tax credits	2/22/17			In Committee		
LB 322	Craighead	Change the Tax Equalization and Review Commission Act	3/1/17			In Committee		
LB 325	Harr	Exempt certain purchases of energy star qualified products from sales and use taxes	2/3/17			In Committee		
LB 326	Kolowski	Provide additional budget and tax levy authority for certain school districts	3/2/17			In Committee		
LB 337	Smith	Change income tax rates and provide for deferrals of the rate changes	2/8/17	3/23/17	Amended into LB 461 with AM 954	General File		-Lindstrom Priority Bill
LB 338	Brasch	Adopt the Agricultural Valuation Fairness Act	2/8/17	3/23/17	Amended into LB 461 with AM 954	General File		-Brasch Priority Bill
LB 361	Kolowski	Exempt sale of clothing and footwear from sales and use taxes as prescribed	3/17/17			In Committee		
LB 362	Riepe	Adopt the Health Savings Account Act and provide an income tax deduction	3/22/17			In Committee		
LB 373	Schumacher	Change and eliminate revenue and taxation provisions	3/22/17			In Committee		
LB 374	Schumacher	Provide an income tax credit for corporate income taxes paid and change sunset dates under the Nebraska Advantage Act	3/15/17			In Committee		-Legislature's Planning Committee Priority Bill

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 380	Harr	Change income tax rates, itemized deductions, and standard deductions	2/15/17			In Committee		
LB 385	Lindstrom	Change provisions relating to the burden of proof and who may appeal under the Tax Equalization and Review Commission Act	3/1/17			In Committee		
LB 387	Lindstrom	Change and eliminate provisions relating to various tax credit programs and economic development activities	2/9/17	3/14/17	Amended into LB 217 with AM 634	Enacted with LB 217		
LB 400	Hilkemann	Change provisions relating to motor vehicle fees and taxes	3/2/17	4/4/17; Advanced to General File, 8-0	AM 887	General File		-Committee Amendment - AM 887 - pending
LB 438	Howard	Increase cigarette and tobacco taxes as prescribed and provide for the distribution of funds	3/17/17			In Committee		
LB 443	Bolz	Adopt the Student Loan Repayment Tax Credit Act	3/8/17			In Committee		
LB 452	Lindstrom	Impose sales tax on services and change income tax rates and personal exemption amounts	2/15/17	3/23/17	Amended into LB 461 with AM 954	General File		
LB 453	Lindstrom	Change provisions relating to income tax adjustments for social security benefits	3/8/17			In Committee		
LB 461	Smith	Correct references to a federal act in a revenue statute	2/15/17	4/3/17; Advanced to General File, 6-2	AM 954	General File		-Committee Priority Bill -Committee Amendment – AM 954 - pending

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 462	Smith	Correct provisions relating to the streamlined sales and use tax agreement	1/27/17			In Committee		
LB 467	Krist	Change provisions relating to certain tax incentive programs	3/15/17			In Committee		
LB 468	Krist	Change revenue and taxation provisions	2/15/17			In Committee		
LB 475	Schumacher	Change the application deadline under the Nebraska Job Creation and Mainstreet Revitalization Act	3/3/17			In Committee		
LB 498	Brewer	Change provisions relating to transfer of homestead exemptions	2/24/17			In Committee		
LB 528	Harr	Change provisions relating to New Markets Job Growth Investment Act	3/3/17			In Committee		
LB 531	Harr	Change sales tax collection fees for motor vehicles	3/2/17			In Committee		
LB 535	Hughes	Change requirements for instruments and statements filed with the register of deeds	2/22/17	3/13/17; Advanced to General File, 6-2	AM 203	Passed on Final Reading, 49-0-0	Approved, 4/27/17	-Hughes Priority Bill -Committee Amendment – AM 203 - approved
LB 543	Watermeier	Change provisions relating to applications and reporting requirements under the Nebraska Advantage Act	3/15/17			In Committee		-Legislative Performance Audit Committee Priority Bill
LB 546	Watermeier	Change the Nebraska Advantage Act	2/9/17			In Committee		
LB 555	Smith	Change and eliminate provisions of the Tax Equalization and Review Commission Act	3/1/17			In Committee		

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 557	Harr	Adopt the Great Opportunities Nebraska Act	3/8/17			In Committee		
LB 561	Schumacher	Create the Taxpayer Investment Program	3/8/17			In Committee		
LB 563	McCollister	Impose sales tax on certain services and eliminate certain sales tax exemptions	2/22/17			In Committee		
LB 564	McCollister	Adopt the Nebraska Main Street Fairness Act	1/27/17			In Committee		
LB 565	McCollister	Require the posting of tax incentive information under the Taxpayer Transparency Act	3/15/17	4/4/17; Advanced to General File, 6-2	AM 650	General File		-Committee Amendment – AM 650 - pending
LB 570	Friesen	Provide a property tax exemption for all tangible personal property	3/9/17			In Committee		
LB 572	Friesen	Provide termination duties for the Property Tax Credit Act and the Tax Equity and Educational Opportunities Support Act and change application deadlines under the Nebraska Advantage Act	3/9/17			In Committee		
LB 576	Brewer	Limit increases in property tax bills	3/9/17			In Committee		
LB 592	Crawford	Change the tax incentives available under the Nebraska Advantage Act	3/16/17			In Committee		
LB 599	Groene	Exempt certain improvements on land from taxes as prescribed	3/9/17			In Committee		

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 601	Erdman	Change distribution of sales and use tax revenue and provide duties for Department of Revenue	2/3/17			In Committee		
LB 602	Erdman	Change and eliminated provisions relating to the valuation of agricultural land	2/24/17			In Committee		
LB 607	Kintner	Provide a homestead exemption for certain first responders	None	2/21/17; 8-0		Indefinitely Postponed		
LB 613	Wayne	Change provisions relating to property tax exemptions under the Nebraska Housing Agency Act	3/16/17			In Committee		
LB 616	Wayne	Adopt the Startup Nebraska Program Act and provide an exemption from income, sales, and use taxes	3/8/17			In Committee		
LB 633	Kolowski	Authorize school districts to levy a tax and exceed budget authority for school security measures and student technology	3/2/17			In Committee		
LB 640	Groene	Change provisions of the Property Tax Credit Act and provide school district property tax relief	2/16/17	4/3/17; Advanced to General File, 6-2	AM 752	General File		-Friesen Priority Bill -Committee Amendment – AM 752 - pending
LR 17 CA	Wayne	Constitutional amendment to eliminate requirements that property taxes be levied by valuation uniformly and proportionately	3/16/17			In Committee		

Constitutional Amendment

LR 17 CA (Wayne) Constitutional amendment to eliminate requirements that property taxes be levied by valuation uniformly and proportionately

Introduced Version:

LR17CA proposes to change the Nebraska Constitution, Article VIII, section 1 to repeal the provision that defines agricultural and horticultural land as a separate and distinct class of property.

The resolution also seeks to repeal the uniformity and proportionately language referring to valuations and property tax levies.

Disposition at Sine Die:

LR 17 CA remains in committee.

Income Tax

LB 48 (Schumacher) Provide an income tax adjustment relating to certain gains on the sale of real estate

Introduced Version:

The bill addresses the issue of taxing gains on the sale of real estate. In general, when real estate is sold, the taxable gain is the difference between the sellers basis in the property (what they originally paid for the property) and the proceeds received from the buyer. However, under federal law, real estate acquired from a decedent is given special treatment when it is sold. The recipient of the property is allowed to “step up” their basis from what the decedent paid for the property to the fair market value of the property at the date of the decedent’s death.

The bill would disallow this special treatment for Nebraska income tax purposes. It would require the recipient who sells such inherited property to use the original basis of the decedent rather than fair market value at date of death and include that gain in adjusted gross income for Nebraska tax purposes.

The bill is operative for taxable years beginning or deemed to begin on January 1, 2018.

Disposition at Sine Die:

LB 48 remains in committee.

LB 121 (Brewer) Change provisions relating to the taxation of military benefits

Introduced Version:

The bill makes changes to the military retirement income exclusion which became effective for taxable years beginning or deemed to begin on or after January 1, 2015. For those military retirees who did not make a timely election (within two years of their separation from service), the bill allows the one-time election to be made on or before December 31, 2017, or whichever occurs first.

The bill also implements a new phased-in deduction for military retirement benefits, to the extent they were included in federal adjusted gross income. The deduction is available to “each individual included in the tax return who receives military retirement benefits.” The phase-in amounts are:

2018 - \$10,000	2019 - \$20,000	2020 - \$30,000
2021 - \$40,000	2022 and forward - \$50,000	

Taxpayers may not claim a deduction under both the previous exclusion and the new deduction, but taxpayers who are qualified for the previous exclusion may revoke their election by December 31, 2018.

Disposition at Sine Die:

LB 121 remains in committee.

LB 169 (Wayne) Exempt social security benefits and retirement income from income taxation

Introduced Version:

The bill would exempt the following forms of retirement income from taxation:

1. Social Security
2. Section 401(a) (qualified pension, profit sharing and stock bonus plans) and 403(a) (qualified annuities) of the Internal Revenue Code;
3. Class V school employees retirement;
4. County employees;
5. Judges;
6. State Patrol;
7. School employees;
8. State employees;
9. U.S. Civil Service;
10. Federal employees; and
11. Military retirement benefits.

The exemptions apply for taxable years beginning or deemed to begin on or after January 1, 2018.

Disposition at Sine Die:

LB 169 remains in committee.

LB 233 (Smith) Change revenue and taxation provisions

Introduced Version:

This bill was introduced at the request of the Department of Revenue. It is the department's technical clean-up bill and addresses a multitude of tax provisions.

Section 1 - Under current law, nonprofits in large cities and counties who wish to run a raffle or "lottery" (not keno or state type of lottery) are supposed to obtain specific authorization by ordinance or resolution.

- No one complies
- Department has no concerns with removing the requirement

Sections 3 and 4 make several changes to Affordable Housing Tax Credit which passed last session:

- Current law says Department has to determine how to divvy up credits for flow-through entities. Bill would require flow-throughs to do that themselves
- These credits are transferable. Change language from "assign" to "transfer, sell or assign"
- Credit holders are only required to notify the Department they have credits when they file their first tax return. Bill would require them to notify Department when credits have been transferred to them
- Current language says recaptured credits become taxable income and must be reported on next return. The department would prefer that the recaptured credits become due and payable when recaptured
- Currently the law does not specify when holders of credits may start to claim them. Bill would specify tax years beginning on or after January 1, 2019

Sections 2, 5 and 6 would amend cigarette tax provisions as follows:

- Master Settlement Agreement. Forms are now filed electronically so there is a need to change language from “forms prescribed by the Tax Commissioner” to “in a manner prescribed by Tax Commissioner”
- The other two sections address similar issues for Nebraska’s cigarette tax program.

Sections 7, 8 and 9:

- Currently, employers must file W-2’s by February 1. Bill would change to January 31, which matches the federal rule
- Currently the Department can only change “mathematical errors.” Bill would expand to “clerical errors” – again matching federal authority

Section 10 clarifies provisions of a bill passed last session providing a credit for hiring people off TANF:

- These were suggested by DHHS – “Caretaker relative” and “family unit” are commonly used terms under TANF
- Add a requirement that the employee is hired and had been receiving TANF in the year for which the credit is sought. Otherwise, employers could conceivably claim credit for employees who had been on welfare at any time in the past.

Section 11 allows the Tax Commissioner to provide Homestead exemption forms to the counties in any manner, not just printed.

Section 12 allows for the future electronic filing of “other tobacco products” returns in a manner prescribed by the Tax Commissioner

- There will be charge from OCIO for this programming but will not be paid from General Fund; rather from Tobacco Products Cash Fund

Section 13:

- Some taxpayers who qualify for Homestead may not owe any property taxes and therefore would not receive the Property Tax Credit
- Bill would require county assessors to provide such amounts and other related information in electronic format to the Property Tax Administrator

Section 14:

- Under Nebraska Advantage, qualified property counts “when it is acquired” which is not a commonly used term
- Bill would change to “when placed in service” which is the commonly used term under IRC and NE statutes

Section 15:

- Bill would change reporting date for school adjusted value from Aug. 25th to Aug. 20th
 - o This is same date that taxable values are certified to local governments
- Bill would also change date for amending school adjusted value from Sept. 30th to Aug. 31st.

Section 16 provides an effective date for electronic filing of other tobacco products returns of October 1, 2017

Section 19 repeals the Low-Income Energy Conservation Act which has apparently not been used.

Committee Amendment: AM 127 – pending

The amendment strikes sections relative to E-filing for other tobacco products and technical corrections to the Affordable Housing Tax Credit.

Disposition at Sine Die:

LB 233 was advanced to General File with AM 127 on February 2, 2017. However, it was later amended into LB 217 with AM 634. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 234 (Smith) Update references to the Internal Revenue Code

Introduced Version:

The bill is the annual update that conforms us to the basic provisions of the Internal Revenue Code. It ties us to the federal code as it exists on the effective date of the bill, with certain specified exceptions:

1. Article VIII, Section 1B, of the Nebraska Constitution, which states that “When an income tax is adopted by the Legislature, the Legislature may adopt an income tax law based upon the laws of the United States.”;
2. The statute sections listed in section 1 of the bill that govern Nebraska’s individual and corporate income taxes; and
3. The statute sections listed in section 1 of the bill that govern Nebraska’s business tax incentive programs.

A complete list of the exceptions is attached to this summary.

The bill contains the E Clause.

Disposition at Sine Die:

LB 234 was advanced to General File. LB 234 was passed on Final Reading with the Emergency Clause, 47-0-2, and was approved by the Governor on May 10, 2017.

LB 337 (Smith, at the request of the Governor) Change income tax rates and provide for deferrals of the rate changes

Introduced Version:

The bill would phase-in a reduction in the top bracket marginal rate for individual income taxes. Each rate reduction would be approximately one-tenth of one percent, commencing with tax years beginning or deemed to begin on or after January 1, 2020. The top marginal rate would be reduced from the current 6.84 percent to 5.99 percent over at least eight years.

Each reduction is predicated on a finding by the Nebraska Forecasting Advisory Board (NEFAB) that the expected rate of growth in net General Funds receipts from the current fiscal year compared to the upcoming fiscal year is 3.5 percent or greater. The Tax Commissioner is required to adjust the tax tables and withholding tables to reflect the rate reduction.

If the NEFAB finds that the rate of growth will be less than the specified amount, the Tax Rate Review Committee (TRRC) **shall** defer the rate reduction.

The next time the NEFAB finds that the expected rate of growth meets or exceed 4.2 percent, then the TRRC shall void the first deferral and the rate reduction shall be reflected in the tax tables and withholding tables prepared by the Tax Commissioner. No more than one deferral may be voided for any one taxable year.

In either case of a deferral or the voiding of a deferral, the Tax Commissioner and the Legislative Fiscal Analyst are required to adjust the NEFAB forecast to reflect the deferral or the voiding of a deferral and certify the adjusted forecast to the Governor and the Legislature no later than five days following the meeting of the TRRC. The TRRC is authorized to void any deferrals remaining after 2027.

Disposition at Sine Die:

LB 337 was amended into LB 461 with AM 954. LB 461 was advanced from the committee but failed to advance to Select File.

LB 362 (Riepe) Adopt the Health Savings Account Act and provide an income tax deduction

Introduced Version:

The bill creates the Health Savings Account Act. It provides an income tax credit for certain eligible individuals. The credit is equal to the aggregate amount paid in cash during the taxable year by or on behalf of the individual to a health savings account of the individual. The credit is limited based on various factors.

A health savings account is exempt from income taxes. Any amount paid or distributed out of an account which is used exclusively to pay qualified medical expenses of any account beneficiary shall not be included in gross income. Any amount paid or distributed which is not used exclusively as such shall be included in gross income.

The account may be transferred to a spouse or former spouse under a divorce decree or to a surviving spouse.

The act becomes operative on January 1, 2018.

Disposition at Sine Die:

LB 362 remains in committee.

LB 380 (Harr) Change income tax rates, itemized deductions, and standard deductions

Introduced Version:

The bill makes changes to the individual income tax including trusts and estates.

First, the bill reduces the top marginal rate for bracket 4 from 6.84% to 5.99% for taxable years beginning or deemed to begin on or after January 1, 2019.

Second, the bill creates a phase-out calculation for both the standard and itemized deductions.

Step one is to determine what percentage of the taxpayer's Adjusted Gross Income falls within each of five new brackets based on federal filing status:

Bracket Number	Individual	Head of House	Married Separate	Married Joint
1	0-75,000	0-75,000	0-75,000	0-100,000
2	75,001-100,000	75,001-100,000	75,001-100,000	150,001-200,000
3	100,001-150,000	100,001-150,000	100,001-150,000	200,001-300,000
4	150,001-200,000	150,001-200,000	150,001-200,000	300,001-400,000
5	200,001 or over	200,001 or over	200,001 or over	400,001 or over

Step two is to multiply the amount of the standard or itemized deduction by the percentage of the ratio of total AGI to income in each bracket and then multiply that result by a phase-out percentage for each bracket of:

Bracket 1 – 100%

Bracket 2 – 75%

Bracket 3 – 50%

Bracket 4 – 25%

Bracket 5 – 0%

Step three is to add the results of each bracket calculation to determine the amount of the standard or itemized deduction that may be claimed.

Disposition at Sine Die:

LB 380 remains in committee.

LB 452 (Lindstrom) Impose sales tax on services and change income tax rates and personal exemption amounts

Introduced Version:

The bill makes changes to the sales and use tax, the individual income tax and the corporate income tax.

Section 1. Makes minor changes as needed to the Tax Expenditure Report (Items that are not currently taxed but would become subject to tax no longer need to be accounted for in the Report).

Section 2. Imposes sales tax on the following services which are not currently subject to sales tax:

- Motor vehicle maintenance and repair services;

- Personal care services including hair care, hair removal, massage, nail care, skin care, tanning, tattoos, other body modifications and other beauty and personal care services;
- Storage and moving services;
- Taxi, limo, other transportation services and
- Dry cleaning and other laundry services;

Section 3. Implements revenue triggers beginning with tax year 2020 to reduce the top marginal tax rate as follows;

Each reduction is predicated on a finding by the Nebraska Forecasting Advisory Board (NEFAB) that the expected rate of growth in net General Funds receipts from the current fiscal year to the upcoming fiscal year is 3.5 percent or greater. The Tax Commissioner is required to adjust the tax tables and withholding tables to reflect the rate reduction.

If the NEFAB finds that the rate of growth will be less than the specified amount, the Tax Rate Review Committee (TRRC) **shall** defer the rate reduction.

The next time the NEFAB finds that the expected rate of growth meets or exceed 4.2 percent, then the TRRC shall void the first deferral and the rate reduction shall be reflected in the tax tables and withholding tables prepared by the Tax Commissioner. No more than one deferral may be voided for any one taxable year.

In either case of a rate reduction or a deferral, the Tax Commissioner and the Legislative Fiscal Analyst are required to adjust the NEFAB forecast to reflect the deferral or the voiding of a deferral and certify the adjusted forecast to the Governor and the Legislature no later than five days following the meeting of the TRRC. The TRRC is authorized to void any remaining deferrals after 2027.

Section 4:

- Reduces the number of individual income tax brackets from 4 to 3 by combining brackets 1 and 2 beginning in tax year 2018;
- Combines the income thresholds of the first two brackets;
- Averages the first bracket rate (2.46%) and the second bracket rate (3.51%) for new first bracket rate of 3.1%;
- Reduces the top marginal rate of 6.84% to 5.99% beginning in tax year 2018 over a minimum period of 8 years.

Section 5. Phases out the Personal Exemption Credit as follows:

<u>Married Filing Joint</u>		<u>All Other Filers</u>	
\$150,000 but less than \$175,000	90%	\$75,000 but less than \$85,000	90%
\$175,000 but less than \$190,000	80%	\$85,000 but less than \$95,000	80%
\$190,000 but less than \$200,000	70%	\$95,000 but less than \$105,000	70%
\$200,000 but less than \$230,000	50%	\$105,000 but less than \$115,000	50%
\$230,000 but less than \$250,000	25%	\$115,000 but less than \$125,000	25%
\$250,000 or more	0%	\$125,000 or more	0%

Section 6:

- Reduces the top corporate income tax from 7.58% to 5.99% beginning in tax year 2018 over a minimum of 8 years;
- Eliminates the lower bracket for first \$100,000 of income at 5.5.8%

- Utilizes triggers similar to those for the individual income tax beginning with tax year 2020.

Section 9. Outright repeals the following sales tax exemptions:

- Newspapers;
- Laundromats; and
- Lottery Tickets.

Disposition at Sine Die:

LB 452 was amended into LB 461 with AM 954. LB 461 was advanced from the committee but failed to advance from Select File.

LB 453 (Lindstrom) Change provisions relating to income tax adjustments for social security benefits

Introduced Version:

The bill creates a phase-in of deductions for social security income to the extent it is included in federal adjusted gross income.

For taxpayers whose status is married filing jointly:

AGI is less than \$75,000:

- 20% deduction tax year 2018
- 40% deduction tax year 2019
- 60% deduction tax year 2020
- 80% deduction tax year 2021
- 100% deduction tax year 2022 and forward

AGI is more than \$75,000 but less than \$80,000:

- 16% deduction tax year 2018
- 32% deduction tax year 2019
- 48% deduction tax year 2020
- 64% deduction tax year 2021
- 80% deduction tax year 2022 and forward

AGI is more than \$80,000 but less than \$85,000

- 12% deduction tax year 2018
- 24% deduction tax year 2019
- 36% deduction tax year 2020
- 48% deduction tax year 2021
- 60% deduction tax year 2022 and forward

AGI is more than \$85,000 but less than \$90,000

- 8% deduction tax year 2018
- 16% deduction tax year 2019
- 24% deduction tax year 2020

- 32% deduction tax year 2021
- 40% deduction tax year 2022 and forward

AGI is more than \$90,000 but less than \$95,000

- 4% deduction tax year 2018
- 8% deduction tax year 2019
- 12% deduction tax year 2020
- 16% deduction tax year 2021
- 20% deduction tax year 2022 and forward

There is no deduction allowed if AGI is \$95,000 or more

For taxpayers whose status is single, head of household or married filing separately:

AGI is less than \$60,000

- 20% deduction tax year 2018
- 40% deduction tax year 2019
- 60% deduction tax year 2020
- 80% deduction tax year 2021
- 100% deduction tax year 2022 and forward

AGI is more than \$60,000 but less than \$65,000

- 16% deduction tax year 2018
- 32% deduction tax year 2019
- 48% deduction tax year 2020
- 64% deduction tax year 2021
- 80% deduction tax year 2022 and forward

AGI is more than \$65,000 but less than \$70,000

- 12% deduction tax year 2018
- 24% deduction tax year 2019
- 36% deduction tax year 2020
- 48% deduction tax year 2021
- 60% deduction tax year 2022 and forward

AGI is more than \$70,000 but less than \$75,000

- 8% deduction tax year 2018
- 16% deduction tax year 2019
- 24% deduction tax year 2020
- 32% deduction tax year 2021
- 40% deduction tax year 2022 and forward

AGI is more than \$75,000 but less than \$80,000

- 4% deduction tax year 2018
- 8% deduction tax year 2019
- 12% deduction tax year 2020
- 16% deduction tax year 2021
- 20% deduction tax year 2022 and forward

If AGI is \$80,000 or more there is not deduction allowed.

These amounts are to be indexed each year for inflation.

Disposition at Sine Die:

LB 453 remains in committee.

LB 461 (Smith) Correct references to a federal act in a revenue statute

Introduced Version:

The bill makes a technical correction to the title of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

Committee Amendment: AM 954 – pending

AM 954 was approved by the committee to include provisions/portions of the following bills:

- LB 337 (Smith) Change income tax rates and provide for deferrals of the rate changes
- LB 338 (Brasch) Adopt the Agricultural Valuation Fairness Act
- LB 452 (Lindstrom) Impose sales tax on services and change income tax rates and personal exemption amounts

The amendment becomes the bill.

The effective date for moving from a comparable sales approach to determining assessed valuation to an income-approach calculation will be January 1, 2018.

For purposes of assessing agricultural land and horticultural land ("Ag land") using the income approach, Ag land shall be divided into classes and subclasses of real property under section 77-103.01, including, but not limited to, irrigated cropland, dryland cropland, grassland used for grazing, grassland used for haying, wasteland, nurseries, feedlots, and orchards, so that the categories reflect uses appropriate for the valuation of such land according to law.

Classes shall be inventoried by subclasses of real property based on soil classification standards developed by the Natural Resources Conservation Service of the United States Department of Agriculture as converted into land capability groups by the Property Tax Administrator.

Ag land shall be valued based on the agricultural-use value, reflected in a capitalized income approach developed pursuant to the Agricultural Valuation Fairness Act, using professionally accepted mass appraisal techniques. The assessed values of Ag land shall be determined on the basis of the land's value in use for agricultural or horticultural purposes by capitalizing the net income by a rate that reflects the agricultural-use value in the ordinary course of trade.

A 5-member Agricultural Land Valuation Committee is created. The Tax Commissioner or his/her designee from his/her staff will serve as chairperson of the committee. The Tax Commissioner will appoint the remaining four members. The remaining four members of the committee will be a representative of the agricultural and horticultural industry, a county assessor, an appraiser from the private sector, and a representative from faculty of one of the state's research universities specializing in agricultural economics. The

committee shall meet in November 2017 and each November thereafter. The committee shall meet at least six times per year.

The committee will develop income and expense estimates for all Ag land and capitalization rates necessary to produce uniform and proportionate assessed valuations based on information available to the committee from the United States Department of Agriculture, the University of Nebraska Institute of Agriculture and Natural Resources, the Nebraska Investment Finance Authority, the Department of Revenue, and any other sources determined necessary by the committee.

The committee shall determine value for each land capability group in each county by dividing the income determined for each parcel by a capitalization rate established by the committee. The committee shall establish the capitalization rates to be applied to each class or subclass of Ag land within each county. The committee shall ensure that the capitalization rates established result in an aggregate agricultural-use value for the class of Ag land that is between 55 and 65 percent of the actual value that the Ag land has for agricultural or horticultural purposes.

The aggregate agricultural-use value so established shall not increase more than 3.5 percent from the prior year. The committee shall issue a report of the values established for each land capability group to each county assessor in Nebraska no later than January 1 of each year.

The county assessor shall implement the values determined by the Agricultural Land Valuation Committee under this act. The resulting assessed values for the class of Ag land shall be reported on the abstract of real property pursuant to section 77-1514.

An 8-year average of data, throwing out the highest and lowest numbers, will be used to determine the average yield and average commodity prices. This data will come from the United States Department of Agriculture. Carrying capacity by land capability group will be calculated using an 8-year average of rental value per animal-unit month. The highest and lowest numbers will be thrown out of this calculation. Information from the Natural Resources Conservation Service of the United States Department of Agriculture or other state or federal agencies will be used to calculate carrying capacity.

The following changes would be effective for tax year 2019, except as otherwise noted:

1. The four existing brackets under the Individual Income Tax would be reduced to three by combining the first and second brackets into a new Bracket One. The new bracket would combine the bands of income subject to tax at the lowest rate and change that rate to 3.25 percent.
2. The personal exemption credit would begin to phase-out if AGI is \$300,000 for taxpayers filing married filing joint and if AGI is \$150,000 for all other filers. No credit is available when AGI reaches \$400,000 and \$200,000, respectively.
3. A new, nonrefundable credit is created for resident taxpayers equal to \$40 if AGI is \$28,000 or less for married filing joint filers and \$20 if AGI is \$14,000 or less for all other filers.
4. The Earned Income Tax Credit would increase from 10 percent of the federal credit to 11 percent in tax year 2019 and 12 percent in tax year 2020.
5. The New Markets Job Growth Investment Act and the Nebraska Job Creation and Mainstreet Revitalization Act Committee Statement: LB461 Revenue Committee Page 2 (known as the Historic Tax Credit) would be suspended beginning on July 1, 2017 through December 31, 2022.

6. The top bracket of the Corporate Income Tax would be reduced from 7.81 percent to 7.59 percent.

The following changes would be effective beginning with tax year 2020, except as otherwise noted:

1. The new third bracket or top bracket rate under the Individual Income Tax would begin to be reduced from 6.84 percent to 5.99 percent using eight steps. Each "step reduction" would only occur if the Tax Rate Review Committee finds that the expected rate of growth in net General Fund receipts exceeds 3.5 percent.

a. If the expected rate of growth does not exceed said amount, the Committee is required to defer the rate reduction that would have occurred for the subsequent tax year.

2. The top bracket rate under the Corporate Income tax would be reduced from 7.81 percent to 7.59 percent for tax years beginning or deemed to begin on or after January 1, 2019. The top bracket rate would continue to be reduced for tax years beginning or deemed to begin on or after January 1, 2020 in increments of .20 percent each year thereafter, but not below 5.99 percent. Each reduction for tax years 2020 and beyond would only occur if the Tax Rate Review Committee finds that the expected rate of growth in net General Fund receipts exceeds 4.0 percent.

a. If the expected rate of growth does not exceed said amount, the Committee is required to defer the rate reduction that would have occurred for the subsequent tax year.

The amendment contains the Emergency Clause.

Disposition at Sine Die:

LB 461 was advanced to General File as amended. However, LB 461 failed to advance to Select File.

Property Tax

LB 51 (Schumacher) Change provisions relating to sales of real property for nonpayment of taxes

Introduced Version:

A county may sell real property for the nonpayment of property taxes at a public tax sale to private purchasers without competitive bidding. After this sale, which creates a sales tax certificate, the taxpayers have a number of years to pay off the taxes owed together with interest.

Interest is currently calculated at 14%. After the expiration of the number of years given to taxpayers to pay off the taxes owed with interest, the private purchaser of a sales tax certificate is entitled to foreclose the tax lien in the same manner as if it is a mortgage.

The bill would require the use of the bidding process to allow the market to determine the appropriate lower rate of interest. The difference between the market interest and 14% would be kept at the county level. The bill would repeal the current round robin format for bidding on a tax sale certificate.

Committee Amendment: AM 267 - pending

The amendment strikes language allowing for a bid down for the amount of taxes due to purchase a tax sale certificate. It also clarifies the bid down process for interest.

Disposition at Sine Die:

LB 51 was advanced to General File as amended. LB 51 remains on General File.

LB 232 (Kolterman) Provide a property tax exemption for property leased to the state or a governmental subdivision

Introduced Version:

This bill would provide a property tax exemption to a person or entity holding legal title to property leased to the state or a governmental subdivision. This would reduce the base available to political subdivisions for generating revenue. It may also create a need to raise tax rates to offset the loss in property taxes due to the exemption.

The bill has a date of January 1, 2018.

Disposition at Sine Die:

LB 232 remains in committee.

LB 236 (Erdman) Change provisions relating to the inclusion of multiple lots in one parcel

Introduced Version:

This bill would give the owner the option of making two or more vacant or unimproved lots included as one parcel. The owner must make an annual application for including the multiple lots into one parcel. The lots must be in the same subdivision and same tax district.

The bill would prohibit including the lots as one parcel if property taxes or special assessments on such lots are certified but not yet due, due, or delinquent or if property taxes or special assessments on such lots have been sold at a tax sale.

The county assessor may deny this request if the property owner and county treasurer fail to provide the certification that no property taxes or special assessments on the lots are certified but not yet due, due, or delinquent and that no property taxes or special assessments on the lots have been sold at a tax sale.

Disposition at Sine Die:

LB 236 remains in committee.

LB 238 (Erdman) Change provisions of the Nebraska Budget Act relating to certifying taxable values

Introduced Version:

This bill would give the county assessor the ability to certify the current taxable value of a political subdivision to its governing board by mail, electronically, or by notification of where to find the taxable value on the county assessor's website.

This provisions of this bill **do not** change the August 20 date to certify the taxable value.

Disposition at Sine Die:

LB 238 was amended into LB 217 with AM 634. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 249 (Harr) Expand business inventory property tax exemption

Introduced Version:

LB 249 expands the definition of business and agricultural inventory that is exempt from property tax to include leased or rented personal property and the personal property is of a type which would be considered household goods or personal effects if owned by an individual or the personal property is equipment useable for construction, agriculture, or manufacturing.

Disposition at Sine Die:

LB 249 remains in committee.

LB 251 (Harr) Redefine agricultural or horticultural purposes for revenue and taxation purposes

Introduced Version:

This bill would add another definition for agricultural and horticultural land purposes. The new definition provides land primarily used for agricultural or horticultural purposes shall be determined without regard to whether some or all the parcel is platted and subdivided

into separate lots or developed with improvements consisting of streets, sidewalks, curbs, gutters, sewer lines, water lines, or utility lines.

Disposition at Sine Die:

LB 251 was not advanced from the committee. However, the bill was amended into LB 217 with AM 993 on Select File. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 266 (Friesen) Change the valuation of agricultural land and horticultural land

Introduced Version:

This bill would allow agricultural and horticultural land to be valued at a percentage of its actual valuation for the purposes of school district taxation. The applicable percentages to be used for the purpose of school district taxation are:

Tax Year	Percentage
2018	50
2019	40
2020 and after	30

The Tax Equalization and Review Commission (TERC) would be able to equalize agricultural and horticultural land for the school district taxation purpose by a percentage range of actual value. The applicable percentage ranges are:

Tax Year	Percentage Range
2018	44 to 50
2019	34 to 40
2020 and after	24 to 30

A percentage of the actual value would be used for the adjusted valuation of agricultural and horticultural land used to calculate and certify TEEOSA aid. These percentages are:

Tax Year	Percentage
2018	47
2019	37
2020 and after	27

The bill has an operative date of January 1, 2018.

Disposition at Sine Die:

LB 266 remains in committee.

LB 288 (Harr) Change provisions relating to service of notice when applying for a tax deed and the laws governing tax sale certificates

Introduced Version:

This bill would allow a service of notice for a treasurer's tax deed may include certified mail or a designated delivery service. The bill clarifies the notice shall be sent to the address where the property tax statement is mailed or to the address on file with the register of deeds of an encumbrancer.

If using certified mail or a designated delivery service, a return receipt or a copy of the signed delivery receipt shall be filed with the return of service.

Tax sale certificates sold and issued between January 1, 2010, and December 31, 2017, shall be governed by the laws and statutes that were in effect on December 31, 2009.

There is an emergency clause with this bill.

Disposition at Sine Die:

LB 288 was amended into LB 217 with AM 634. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 312 (Briese) Change and eliminate revenue and taxation provisions

Introduced Version:

Section 1. Makes minor changes as needed to the Tax Expenditure Report (Items that are not currently taxed but would become subject to tax no longer need to be accounted for in the Report).

Section 2. Changes the definition of gross receipts for sales and use tax purposes by adding the following services:

- Pet-related services;
- Veterinary services, specialty services performed on livestock and animal grooming performed by a licensed veterinarian or a licensed technician in conjunction with medical treatment;
- Cleaning of tangible personal property;
- Storage and moving services;
- Investment advice;
- Personal care services including hair care, massage, nail services, spa services and tattoo services;
- Maintenance, painting, repair, and interior decorating services for single-family housing;
- Limousine, taxi, and other transportation services;
- Travel agents and tour operators;
- Lawn care, gardening, and landscaping;
- Parking lots;
- Swimming pool cleaning and maintenance;
- Dating and escort services;
- Instruction in music, dance, golf and other recreational activities;
- Custom meat slaughtering;

- Legal services, except in the furtherance of a for-profit business enterprise;
- Accounting services, except in the furtherance of a for-profit business enterprise;
- Real estate services relating to the sale of single-family housing;
- Architectural services for single-family housing;
- Telefloral delivery services; and
- Contractor labor for any major addition, remodeling, restoration, repair or renovation of owner-occupied residential housing.

Sections 3 and 4. Eliminates the trade-in credit for sales of motor vehicles, motorboats, all-terrain vehicles and utility-type vehicles.

Section 5. Repeals the sales tax exemption for the following items:

- Prepared food and food ingredients served by public or private schools, school districts, student organizations or parent-teacher associations;
- Fees and admissions charged for political events;
- Fees and admissions charge by a public or private school district, student organization or parent-teacher association;
- Fees and admissions charged for participants in any activity provided by a nonprofit organization exempt from income tax under IRC 501(c) conducting statewide sport events with multiple sports for both adults and youth; and
- Fees and admissions charged for participants in any activity provided by a nonprofit organization exempt from income tax under IRC 501(c) which is affiliated with a national organization, primarily dedicated to youth development and healthy living and offers sports instruction and sports leagues or sports events in multiple sports.

Section 6. Changes the definition of “food and food ingredients” which are exempt from sales tax to exclude, and therefore make taxable, the sale of soft drinks, candy or bottled water.

Section 7. Increase the refundable Earned Income Tax Credit from 10% to 17% percent for taxable years beginning or deemed to begin on or after January 1, 2018.

Sections 8 and 9. Create the Excess Revenue Property Tax Credit Fund. The net increase in state tax revenue generated by the bill is to be credited to the Fund. The amount in the Fund is to be distributed in the form of property tax relief in the same manner as the existing Property Tax Credit Fund.

Section 12. Outright repeals the sales tax exemptions for the following:

- Newspapers;
- Coin-op laundry;
- Lottery tickets;
- Prepaid calling or wireless calling services;
- Contractor labor;
- Purchases of fine art by museums;
- Purchases by historic automobile museums;
- Membership or admission to and purchases by zoos and aquariums.

Disposition at Sine Die:

LB 312 remains in committee.

LB 322 (Craighead) Change the Tax Equalization and Review Commission Act

Introduced Version:

This bill would require that one of the three commissioners on the Tax Equalization and Review Commission (TERC) shall have the certification, qualifications and training to be a certified general real property appraiser. LB322 would also require that one of the three commissioners on the TERC to have been employed for at least 10 years as a real estate broker and to be currently licensed as a real estate broker.

The current filing fee is \$25 for any appeal. LB322 would increase the filing fee to \$50 for the following appeals:

- Decisions of any county board of equalization (CBE) granting or denying tax-exempt status for real or personal property or an exemption from motor vehicle taxes and fees;
- Decisions of the Tax Commissioner determining adjusted valuation pursuant to section 79-1016;
- Decisions of any CBE on claims that a levy is or is not for an unlawful or unnecessary purpose or in excess of the requirements of the county;
- Decisions of any CBE granting or rejecting an application for a homestead exemption;
- Decisions of the Department of Motor Vehicles determining the taxable value of motor vehicles pursuant to section 60-3,188;
- Decisions of the Tax Commissioner pursuant to section 77-3520 regarding homestead exemptions.

The filing fee for the following appeals shall be the greater of \$50 or 1/30th of 1% of the assessed value of the subject property:

- Decisions of any CBE equalizing the value of individual tracts, lots, or parcels of real property so that all real property is assessed uniformly and proportionately
- Decisions of the Tax Commissioner determining the taxable property of centrally assessed property (a railroad company, car company, public service entity, or air carrier) within the state;
- Decisions of any CBE on the valuation of personal property or any penalties imposed on the taxation of tangible personal property;
- Any other decision of any CBE;
- Any other decision of the Tax Commissioner regarding property valuation, exemption, or taxation;
- Determinations of the Rent-Restricted Housing Projects Valuation Committee regarding the capitalization rate to be used to value rent-restricted housing projects or the requirement that an income-approach calculation be used by county assessors to value rent-restricted housing projects;
- Any other decision, determination, action, or order from which an appeal to the commission is authorized.

The bill adds specific timelines for noticing hearings and for the appellant to acknowledge the notice. All parties in an appeal shall be afforded an opportunity for a hearing after no less than 60 days' notice. The appellant has 30 days after receipt of the notice to return the acknowledgement form. Failure to file the acknowledgement will constitute a withdrawal

of the case. All appeals and petitions must be heard by the TERC within 18 months after filing the appeal. Single commissioner hearings shall occur in the district court judicial district where the property to the appeal is located. A copy of the decision and order shall be delivered or mailed within 30 days after the hearing.

LB 322 clarifies the oath, affirmation, or statement required for each appeal is given by an owner of the property under appeal or, if the appeal or petition is filed by the state or a political subdivision, by an officer of the state or political subdivision. The oath, affirmation or statement will show the representations contained in the appeal or petition are true as far as the person executing or filing it knows or should know.

The TERC will be required to also use the standards of uniformity when deciding to increase or decrease the value of a class or subclass of real property. Standards of uniformity are defined as the standards relating to coefficient of dispersion as set forth in the Standard on Ratio Studies published by the International Association of Assessing Officers, as such publication existed on January 1, 2017. Currently TERC only needs to increase or decrease valuation within an acceptable range.

In cases in which the variation falls outside the acceptable ranges or the standards of uniformity, the TERC shall consider ordering (a) a moratorium on increases or decreases to values and (b) a reappraisal of the subject class or subclass of real property.

Based on a recommendation in the Property Tax Administrator's annual reports and opinions, that the level of value of a class or subclass of real property fails to satisfy the requirements of acceptable range or the standards of uniformity, TERC shall issue a notice to the counties which it deems either undervalued or overvalued and shall set a date for hearing at least 15 days following the mailing of the notice unless notice is waived.

The order of the TERC shall be sent by facsimile transmittal and certified mail to the county assessor, county clerk and the chairperson of the county board on or before May 15. A county shall be granted a rehearing if additional evidence regarding the appeal is discovered.

Disposition at Sine Die:

LB 322 remains in committee.

LB 338 (Brasch, at the request of the Governor) Adopt the Agricultural Valuation Fairness Act

Introduced Version:

This bill would create the Agricultural Valuation Fairness Act. It would change the method for assessing agricultural and horticultural land from a comparable sales approach to an income approach.

The Property Tax Administrator shall establish a range of net incomes for all land capability groups in the state, by county and by land use, based on the previous ten years' information. The income ranges shall be based on the average yield information for the ten prior years published by the United States Department of Agriculture for those commodities appropriate for each land capability group. The Property Tax Administrator shall issue a report of his or her findings and recommendations to each county assessor in Nebraska no later than January 1 of each year.

The Property Tax Administrator shall establish the capitalization rates to be applied to each class or subclass of agricultural land and horticultural land within each county. The capitalization rates established will result in an aggregate agricultural use value for the class of agricultural land and horticultural land that is between 60 percent and 75 percent of the actual value that the agricultural land and horticultural land has for agricultural or horticultural purposes. The aggregate agricultural use value so established shall not increase more than 3.5% from the prior year.

County assessors shall use the range of incomes for land capability groups and the capitalization rates determined by the Property Tax Administrator in determining the agricultural use value of agricultural land and horticultural land.

A county assessor may petition the Tax Commissioner for an alternative income range to be applied to that land capability group if the county assessor believes that the income range for a land capability group as determined by the Property Tax Administrator results in values that are not uniform and proportionate within the class of agricultural land and horticultural land.

The Tax Commissioner may adopt and promulgate rules and regulations as necessary to carry out the Agricultural Valuation Fairness Act.

The bill has an operative date of January 1, 2019.

Disposition at Sine Die:

LB 338 was amended into LB 461 with AM 954. LB 461 was advanced from the committee but failed to advance from General File.

LB 385 (Lindstrom) Change provisions relating to the burden of proof and who may appeal under the Tax Equalization and Review Commission Act

Introduced Version:

This bill expands who may file an appeal with the Tax Equalization and Review Commission (TERC) on behalf of a taxpayer. The new language will allow:

- A person or entity with a contract executed by the taxpayer
- A legal representative, that includes the power to execute an appeal on behalf of the taxpayer
- A person with a power of attorney
- A person with a durable power of attorney
- A person who is a trustee of an estate

LB 385 will also require the county board of equalization to have the burden of proof in any appeal where the assessed value of a property has increased by more than 5% over the assessed value for the prior tax year.

Disposition at Sine Die:

LB 385 remains in committee.

LB 555 (Smith) Change and eliminate provisions of the Tax Equalization and Review Commission Act

Introduced Version:

This bill would provide mileage reimbursement for commissioners of the Tax Equalization and Review Commission (TERC).

Commissioners who live within 50 miles of the state office building would be reimbursed for the round trip from the home of the commissioner to the state office building.

Commissioners who live more than 50 miles from the state office building would be reimbursed for one round trip per week from his or her home to the state office building and a per diem at the federal per diem rate for each day the commissioner works at the state office building.

The current fee to file an appeal is \$25. LB555 would increase the filing fee to \$50 for an appeal with taxable value of \$1M or less; or \$100 if the taxable value in the appeal is more than \$1M.

Disposition at Sine Die:

LB 555 remains in committee.

LB 570 (Friesen) Provide a property tax exemption for all tangible personal property

Introduced Version:

This bill would exempt all tangible personal property beginning January 1, 2019.

Disposition at Sine Die:

LB 570 remains in committee.

LB 572 (Friesen) Provide termination dates for the Property Tax Credit Act and the Tax Equity and Educational Opportunities Support Act and change application deadlines under the Nebraska Advantage Act

Introduced Version:

This bill would terminate the Property Tax Credit Act and the Tax Equity and Educational Opportunities Support Act on January 1, 2020.

LB 572 would also allow no new applications to be filed for any tier in the Nebraska Advantage Act after December 31, 2019.

Disposition at Sine Die:

LB 572 remains in committee.

LB 576 (Brewer) Limit increases in property tax bills

Introduced Version:

This bill would freeze property tax for the 2017 and 2018 tax years at the property tax level for the 2016 tax year.

Disposition at Sine Die:

LB 576 remains in committee.

LB 599 (Groene) Exempt certain improvements on land from taxes as prescribed

Introduced Version:

This bill would expand the definition of business and agricultural inventory. Infrastructure improvements on land, redevelopment or new construction for business or housing purposes would be exempt from personal property tax until occupied, sold or leased.

Disposition at Sine Die:

LB 599 remains in committee.

LB 602 (Erdman) Change and eliminate provisions relating to the valuation of agricultural land

Introduced Version:

This bill would determine the actual valuation of agricultural and horticultural land by using the capitalized net earning capacity the land produces without regard to any value the land might have for other purposes or uses. The capitalized net earning capacity process will be done uniformly and proportionately within the class.

The bill provides specific and detailed language on the data sources, the number of years for the data, and the capitalization rate.

Data Sources

The Property Tax Administrator shall use data from the following sources:

- Nebraska Crop and Livestock Reporting Service
- United States Department of Agriculture Natural Resources Conservation Service
- Department of Agricultural Economics of the University of Nebraska
- National Agricultural Statistics Service of the USDA
- Other state or federal agencies selected by the Property Tax Administrator

Number of Years of Data

The Property Tax Administrator will use the most recent 8-year Olympic average.¹ The bill starts with a 3-year average on 2019 and builds to the 8-year Olympic average in 2024.

Tax Year	Number of Years to Average
2019	3 years
2020	4 years
2021	5 years

¹ An Olympic average is used rather than a simple average in calculating benchmarks in Farm Bill commodity programs. An Olympic average eliminates the high and low observations and then averages all remaining observations of data.

2022	6 years
2023	7 years
2024	8 years

Capitalization Rate

The bill sets the capitalization rate at 6%.

The acceptable range for the Tax Equalization and Review Commission (TERC) to use for appeals of the valuation of agricultural and horticultural land will be 92% to 100%. The current range is 69% to 75%.

The adjusted valuation data element used for the calculation and certification of TEEOSA aid will be 96% for agricultural and horticultural land. Currently, adjusted valuation of agricultural and horticultural land is 72%. Based on the current TEEOSA provisions, the changes proposed in this bill will increase the adjusted valuation data and the yield from local effort rate components of TEEOSA aid. Generally, increasing these two data components means less equalization aid (state monies) will be needed to fund TEEOSA.

The bill has an operative date of January 1, 2019.

Disposition at Sine Die:

LB 602 remains in committee.

LB 613 (Wayne) Change provisions relating to property tax exemptions under the Nebraska Housing Agency Act

Introduced Version:

This bill provides the real and personal property of a local housing agency and any controlled affiliate shall be exempt from property taxes. Jointly owned property of a local housing agency or its controlled affiliates with other nongovernmental persons or entities is exempt from property taxes if:

- The property is used solely to provide housing for persons of eligible income and qualifying tenants; and
- The housing authority or controlled affiliate provides notice of such exemption to the county assessor on or before December 31 of the year preceding the year the exemption is first sought.

Disposition at Sine Die:

LB 613 remains in committee.

LB 616 (Wayne) Adopt the Startup Nebraska Program Act and provide an exemption from income, sales, and use taxes

Introduced Version:

The bill creates the Startup Nebraska Program Act. It creates tax free zones known as HUBZones pursuant to the federal HUBZone Act of 1997. HUBZones are defined as “historically underutilized business zones designated by the administrator of the U.S. Small Business Administration...and located in a qualified census tract in a city of the metropolitan class.”

Participants are exempt from income, sales and use taxes for three years “beginning with the first year for which the business would otherwise be liable to pay such income, sales and use taxes.” The bill presumably only exempts participants from state sales and use taxes, not local option sales and use taxes.

To participate, a new business must demonstrate that it will “create net new jobs and maintain net new jobs after its first year of operation.”

Net new jobs means:

- A job created in a HUBZone that:
 - Is new to the state;
 - Has not been transferred from employment with another business located in the state or from employment with a related person in this state, except as provided;
 - Is not filled by an individual employed within the state within the immediately preceding 60 months by a related person;
 - Is either a full-time wage-paying job or equivalent to a full-time wage-paying job requiring at least 35 hours per week; and
 - Is filled for more than six months.

Further, the average number of employees of the business and its related persons in the state during such year (first year of operation) must equal or exceed the sum of:

1. The average number of employees of the business and its related persons in the state during the year immediately preceding the year in which the business submits its application; and
2. Net new jobs of the business in the HUBZone during the year.

New business means a business that:

- Is not operating or located within the state at the time it submits its application to participate in the program;
- Is not moving existing jobs into a HUBZone from elsewhere in the state;
- Is not substantially similar in operation and in ownership to a business entity taxable or previously taxable within the preceding three taxable years; and
- Has not caused individuals to transfer from existing employment with a related person located in the state to similar employment with the business, unless such business has received approval for such transfers from the commissioner after demonstrating that the related person has not eliminated those existing positions.

Related person means:

“...any corporations, partnerships, limited liability companies, or joint ventures which are or would otherwise be members of the same unitary group, if incorporated, or any persons

who are considered to be related persons under section 267(b) and (c) of the Internal Revenue Code of 1986, as amended, or section 707(b) of the code.”

Section 77-4924.

The bill also provides for:

- The requirements of the application to filed with the Tax Commissioner;
- Conditions for approving or rejecting an application;
- A list of business types that are not eligible to participate in the program;
- Reporting and disclosure requirements for the Tax Commissioner; and
- Annual reporting by participants.

The bill does not specify when the program begins but does provide that no new applications may be accepted after December 31, 2020.

Disposition at Sine Die:

LB 616 remains in committee.

LB 640 (Groene) Change provisions of the Property Tax Credit Act and provide school district property tax relief

Introduced Version:

LB 640 would reduce the statutory maximum levy for schools districts to \$1.00 per \$100 of taxable valuation beginning in tax year 2018. It would take effect for the 2018/19 school fiscal year. The current statutory maximum levy for school districts is \$1.05 per \$100 of taxable valuation.

Reducing the statutory maximum levy for school districts will also reduce the local effort rate used in the calculation and certification of TEEOSA aid for school fiscal year 2018/19. The current local effort rate is \$1.00. The provisions of this bill will reduce the local effort rate to 95 cents. Generally, reducing the local effort rate requires the State to add monies to TEEOSA aid.

This bill creates School District Property Tax Relief Aid (PTRA) beginning in tax year 2018. To qualify for PTRA, the general fund property tax receipts of a school district must exceed 60% of the total general fund revenue. The amount of PTRA will be 75% of the school district property tax gap. The school district property tax gap is the general fund property tax receipts minus 60% of total GF revenue. Monies for the PTRA will be distributed from the Property Tax Credit Cash Fund.

School districts are required to use the PTRA when determining the next year’s property tax request.

The Department of Education will certify the necessary data to the Department of Revenue to calculate and distribute the PTRA. The Department of Revenue may adopt and promulgate rules and regulations

The Department of Education is also required to certify the state-wide increase to TEEOSA created by reducing the statutory maximum levy to \$1.00 (and the local effort rate to 95

cents) to the Department of Revenue. The Department of Revenue will transfer the necessary funds to the Property Tax Credit Cash Fund for the PTRA and the increases to TEEOSA.

The county will distribute the remaining monies in the Property Tax Credit Cash Fund to the local political taxing subdivisions.

School districts that receive PTRA shall have their budgeted expenditures reduce by 25% of the property tax gap. A board of education may override this reduction by a 2/3 majority vote after holding a public hearing on the issue.

Committee Amendment: AM 752 – pending

The Amendment becomes the bill.

The statutory maximum levy for school districts will be reduced from \$1.05 per \$100 of taxable value to \$0.987 per \$100 of taxable value beginning with fiscal year 2018-19.

If a temporary reduction of TEEOSA aid occurs, a school district may access up to an additional \$0.03 per \$100 of taxable value above the statutory maximum levy. A public hearing and a 2/3 majority vote of the board of education is required before a school district may access the additional \$0.03. Only 75% of the reduction in TEEOSA aid may be generated with the additional \$0.03. The Department of Education will certify the amount of the temporary reduction in aid to each school district. The additional levy (up to \$0.03 per \$100 of taxable value) is only in effect for that specific school fiscal year.

A temporary reduction in aid is the amount which aid is reduced for a school district due to any statutory provision that reduces the statewide total amount of TEEOSA aid. A temporary reduction in aid is valid for a specified period of time after which the statutory provision reverts to the provision as it existed prior to the temporary reduction in aid.

Beginning with tax year 2018 and each tax year thereafter, the Department of Education will certify to the State Treasurer the statewide increase in TEEOSA that results from reducing the statutory maximum levy from \$1.05 per \$100 of taxable value to \$0.987 per \$100 of taxable value. The State Treasurer will transfer an amount equal to this increase in TEEOSA aid from the Property Tax Credit Cash Fund to the Tax Equity and Educational Opportunities Fund.

For tax year 2018 and each tax year thereafter, the amount of property tax relief shall be the amount available in the Property Tax Credit Cash Fund after transferring funds for TEEOSA aid and PTRA.

A school district will qualify for the School District Property Tax Relief Aid (PTRA) if its general fund property tax receipts exceed 55% of its total general fund revenue. School districts that qualify for the PTRA are required to budget the monies as a revenue source before property taxes.

For school fiscal year 2018-19 and each school fiscal year thereafter, the Department of Education will calculate a preliminary equalization aid amount to determine if a school district will qualify for an option enrollment relief correction.

The final calculation of equalization aid will be the difference between total formula needs of a school district and the sum of its total formula resources plus the option enrollment relief correction.

A school district qualifies for the option enrollment relief correction if it does not qualify for PTRA and its net option funding is greater than 90% of the preliminary state aid calculated for the school fiscal year.

Preliminary state aid is the sum of the preliminary equalization aid, net option funding, best practices aid, allocated income tax funds and community achievement plan aid.

The option enrollment relief correction for each qualifying school district is equal \$0.63 per \$100 dollars of adjusted valuation.

A school district receiving PTRA will have its budget authority reduced by 25% of to the property tax gap unless an override of all or part of such reduction is accessed by a 2/3 majority vote of the board of education.

Disposition at Sine Die:

LB 640 was advanced to General File as amended. However, LB 640 failed to advance to Select File.

Sales Tax

LB 44 (Watermeier) Adopt the Remote Seller Sales Tax Collection Act

Introduced Version:

The bill requires out-of-state retailers to collect Nebraska sales tax on all sales into Nebraska if during the preceding or current calendar year gross revenue from Nebraska sales exceeded \$100,000. Alternatively, if the retailer sells items or services into Nebraska that exceed 200 or more separate transactions they are required to collect and remit sales tax. The bill applies to “remote sellers” even if they have no physical presence in the state.

If a retailer meets the threshold but refuses to collect and remit tax, then the retailer must send notices to all Nebraska customers listing all purchases and notifying them that use tax is due. Failure to comply with these notice requirement results in penalty of \$5 for each failure to notify (\$5 per customer). Notice must be sent by January 31 of each year.

Retailers must also file an annual statement by March 1 with the Department of Revenue for each purchaser. The department may require these statements to be filed electronically.

Disposition at Sine Die:

LB 44 was advanced to General File. LB 44 remains on Select File.

LB 63 (Scheer) Change a sales and use tax exemption relating to political events

Introduced Version:

This bill would repeal the sales tax exemption for prepared food, food, and food ingredients sold at a political event by ballot question committees, independent committees, and political party committees as defined in the Nebraska Political Accountability and Disclosure Act. LB63 would repeal the sales tax exemption for fees and admissions charged for such political events. The bill has an operative date of October 1, 2017.

Disposition at Sine Die:

LB 63 was advanced to General File. LB 63 passed on Final Reading, 44-0-5 and approved by the Governor on May 10, 2017.

LB 77 (Crawford) Change provisions relating to access to sales and use tax information by municipalities

Introduced Version:

The bill addresses access to sales and use tax returns and return information. Generally, cities in Nebraska that have adopted local option sales and use taxes are allowed to see the returns and return information for those businesses which are within the boundaries of that city. This is for purposes of determining how much sales and/or use tax has been paid by the business and could be refunded through the Nebraska Advantage Act. This is also an exception to the general rule that such returns and return information are confidential.

Current law requires that one specific city representative be certified to the Tax Commissioner as an authorized representative to request and review such information. The

returns and return information may only be viewed upon the premises of the Department of Revenue and may not be copied and/or removed from such premises.

The bill would allow such return or return information to be transmitted electronically to the authorized city representative if the city has an agreement in effect under the Nebraska Advantage Transformational Tourism and Redevelopment Act. The Act allows cities to sign a “turn back” agreement for local city sales and use tax with developers who have a qualified project under the Act. This would result in such information being removed from the premises of the department.

Disposition at Sine Die:

LB 77 remains in committee.

LB 190 (Kintner) Provide limit on tax on cigars, cheroots, and stogies

Introduced Version:

No Summary Available

Disposition at Sine Die:

LB 190 was Indefinitely Postponed by the committee on February 7, 2017.

LB 313 (Briese) Change the sales tax rate and the earned income tax credit and provide property tax credits

Introduced Version:

Section 1. Increase the state sales tax rate from 5.5% to 6.5% beginning on January 1, 2018.

Section 2. Increases the refundable Earned Income Tax Credit from 10% of the federal credit to 17% of the federal credit for taxable years beginning or deemed to begin on or after January 1, 2018.

Section 3. Creates the Excess Revenue Property Tax Credit Fund. The net increase in state tax revenue generated by the bill is to be credited to the Fund. The amount in the Fund is to be distributed in the form of property tax relief in the same manner as the existing Property Tax Credit Fund.

Disposition at Sine Die:

LB 313 remains in committee.

LB 325 (Harr) Exempt certain purchases of energy star qualified products from sales and use taxes

Introduced Version:

The bill creates a sales tax holiday for certain specified energy star products with a sales price of \$1,500 or less and are authorized to carry the energy star label. The tax holiday runs from 12:01 am on the first Friday in October through 12:00 midnight on the first Sunday after the first Friday in October. The holiday applies only to noncommercial home or personal use.

The items included are:

- Dishwashers
- Air Conditioners
- Ceiling Fans
- Refrigerators
- Clothes washers
- Furnaces
- Fluorescent Light Bulbs
- Doors
- Clothes dryers
- Water Heaters
- Dehumidifiers
- Windows

Disposition at Sine Die:

LB 325 remains in committee.

LB 361 (Kolowski) Exempt sales of clothing and footwear from sales and use taxes as prescribed

Introduced Version:

This bill would create a sales tax holiday item on the first Friday of August and the following Saturday. The sales tax holiday would be for certain clothing with a sales price of \$100 or less per item and certain footwear with a sales price of \$150 or less per. Each retailer would be required to report the amount of sales during this period on its sales and use tax return.

The bill has an operative on July 1, 2017.

Disposition at Sine Die:

LB 361 remains in committee.

LB 438 (Howard) Increase cigarette and tobacco taxes as prescribed and provide for the distribution of funds

Introduced Version:

This bill would increase the tax on packages of cigarettes containing 20 or fewer cigarettes to \$2.14 per package. Beginning July 1, 2017, the amount of the cigarette tax that will go to the General Fund will increase to \$1.24.

LB 438 would increase the tax on tobacco products other than snuff to 65% of the purchase price. The bill would also increase the amount of tax proceeds generated pursuant to section 77-2602 that is distributed to the Nebraska Health Care Cash Fund to \$61,250,000.

The bill amends section 71-7611 to state that each year, beginning July 1, 2017, the money from “such tax” shall be placed in the Nebraska Health Care Cash Fund. It is not clear which tax this is because no tax is levied in section 71-7611. LB 438 provides that the money from “such tax” that is placed in the Nebraska Health Care Cash Fund shall be distributed in specific amounts for various public health purposes.

LB 438 creates the Behavioral Health Provider Rate Stabilization Fund. The fund shall consist of money credited to the fund pursuant to section 77-2602. The fund is to be used to support reimbursement of behavioral health services providers and to leverage federal funds for behavioral health services.

The bill has an operative date of July 1, 2017.

Disposition at Sine Die:

LB 438 remains in committee.

LB 462 (Smith) Correct provisions relating to the streamlined sales and use tax agreement

Introduced Version:

The bill is a technical correction to the section of statute that deals with the Streamlined Sales Tax Agreement and corrects a minor drafting error.

Disposition at Sine Die:

LB 462 remains in committee.

LB 531 (Harr) Change sales tax collection fees for motor vehicles

Introduced Version:

Section 77-2708(d) provides for what is known as a collection allowance for sellers or other persons who are required to collect sales tax. The intent is to reimburse sellers or collection agents for the cost of collecting and remitting sales tax. Sellers may retain 2 ½ percent of the first \$3,000 of retail sales.

Section 2703(1)(i) requires county treasurers to collect sales tax on motor vehicles and other items on behalf of the Tax Commissioner and permits the counties to retain the collection allowance for the use of the county general fund. The bill would allow county treasurers to retain an additional ½ percent of amounts in excess of the first \$3,000 for the use of the county general fund.

Disposition at Sine Die:

LB 531 remains in committee.

LB 564 (McCollister) Adopt the Nebraska Main Street Fairness Act

Introduced Version:

The bill requires out-of-state retailers to collect Nebraska sales tax on all sales into Nebraska if during the preceding or current calendar year gross revenue from Nebraska sales exceeded \$25,000. Alternatively, if the retailer sells items or services into Nebraska that exceed 200 or more separate transactions they are required to collect and remit sales tax. The bill applies to “remote sellers” even if they have no physical presence in the state.

If a retailer meets the threshold but refuses to collect and remit tax, then the retailer must send notices to all Nebraska customers listing all purchases and notifying them that use tax is due. Failure to comply with these notice requirement results in penalty of \$5 for each failure to notify (\$5 per customer). Notice must be sent by January 31 of each year.

Retailers must also file an annual statement by March 1 with the Department of Revenue for each purchaser. The department may require these statements to be filed electronically.

Disposition at Sine Die:

LB 564 remains in committee.

LB 601 (Erdman) Change distribution of sales and use tax revenue and provide duties for Department of Revenue

Introduced Version:

The bill provides that if Nebraska passes a law that expands the state's authority to require remote sellers to collect and remit sales and/or use tax and the state collects additional revenue as a result of such law, then such additional revenue collected in the first 12 months of the law's enactment is credited to the Property Tax Credit Cash Fund.

The bill defines remote sellers and contains the E clause.

Disposition at Sine Die:

LB 601 remains in committee.

Tax Credits & Incentives

LB 12 (Krist) Change homestead exemption requirements relating to income statements and certifications of status

Introduced Version:

To receive a homestead exemption, a taxpayer must complete and file a form with the county assessor showing the eligibility of the taxpayer to the homestead exemption. An income statement is a required attachment to the homestead exemption form. A claimant receiving a homestead exemption is required to annually certify to the county assessor of any change in the homestead exemption status.

This bill would repeal the requirement for veterans, un-remarried surviving spouse of a veteran, or the surviving spouse of a veteran who remarries after attaining the age of fifty-seven years to file an income statement with their homestead exemption application and to certify any change in their homestead exemption status.

Disposition at Sine Die:

LB 12 remains in committee.

LB 20 (Kolterman) Change provisions relating to homestead exemption certifications

Introduced Version:

Veterans who were discharged or otherwise separated with a characterization of honorable or general (under honorable conditions) and who are totally disabled by a nonservice-connected accident or illness are currently required to annually file a certification of their medical condition to retain their homestead exemption status.

This bill would repeal the filing of the annual certification of their medical condition. It has an operative date of January 1, 2018.

Disposition at Sine Die:

LB 20 was advanced to General File. The bill was passed on Final Reading, 41-0-8 and approved by the Governor on May 10, 2017.

LB 65 (Hansen) Provide income tax credits for caregivers

Introduced Version:

The bill creates a new \$300 credit against individual income tax for caregivers who are qualified resident individuals which may be nonrefundable or refundable.

The nonrefundable credit is available to such individuals if:

- Federal AGI is more than 200% of federal poverty guidelines but not more than 400%;
- No credit has been claimed under the federal elderly and disabled credit program (IRC §22); and
- They care for another person who:
 - Resided at the same residence for at least 6 months during the tax year;
 - Is physically or mentally incapable of caring for themselves; and
 - Has income that does not exceed 200% of federal poverty guidelines.

The refundable credit is available to such individuals if:

- Federal AGI is not more than 200% of federal poverty guidelines; and
- They care for another person who:
 - Resided at the same residence for at least 6 months during the tax year;
 - Is physically or mentally incapable of caring for themselves; and
 - Has income that does not exceed 200% of federal poverty guidelines.

The bill is operative for taxable years beginning or deemed to being on January 1, 2018.

Disposition at Sine Die:

LB 65 remains in committee.

LB 69 (Pansing Brooks) Increase the earned income tax credit

Introduced Version:

The bill would increase the amount of the Nebraska Earned Income Tax Credit. Currently, taxpayers whose AGI is less than \$29,000 receive a refundable Nebraska credit equal to 10 percent of the federal credit. The bill would increase the percentage amount of the credit in phases over three years:

Tax Year 2019 – Credit = 13 percent

Tax Year 2020 – Credit = 17 percent

Tax Year 2021 – Credit = 20 percent

Disposition at Sine Die:

LB 69 remains in committee.

LB 118 (Hilkemann) Adopt the Education Savings Account Act and provide income tax adjustments

Introduced Version:

The bill creates the Education Savings Account Act.

The bill allows any person or entity to make contributions up to \$2,000 per calendar year to an account established by a parent or legal guardian (the “account owner”) of a student attending an eligible school in Nebraska. An eligible school is one that provides kindergarten through twelfth grade education and may be public, private, denominational or parochial. It may comply with Chapter 79 or may elect under section 79-1601 not to meet accreditation or approval requirements.

The designated beneficiary of the account must be a resident of the state who is a student at an eligible school and is named as the beneficiary. The beneficiary may use the funds for qualified expenses including:

- Tuition, fees, room and board
- Books, supplies, equipment and uniforms;
- Extracurricular activities;
- Computers, equipment and software or Internet access;
- Distance education classes; or

- College entrance exams.

Account owners must notify the Department of Revenue when they establish an account and they may change beneficiaries at any time by notifying the department. The bill provides penalties for using funds for nonqualified expenses. The balance in the account must be fully distributed before the beneficiary graduates.

Contributions may be deducted for Nebraska purposes from federal adjusted gross income for individuals or federal taxable income for corporations or fiduciaries, to the extent they were not deducted for federal purposes. Interest earned on the account may also be deducted in the same manner. Any deductions must be added back for Nebraska purposes if the funds are expended for nonqualified expenses.

The bill has an operative date of January 1, 2018.

Disposition at Sine Die:

LB 118 remains in committee.

LB 126 (Groene) Change sunset dates under the Nebraska Job Creation and Mainstreet Revitalization Act and the Nebraska Advantage Act

Introduced Version:

The bill changes the sunset date under the Job Creation and Mainstreet Revitalization Act from December 31, 2022 to 2020 and the sunset dates under the Nebraska Advantage Act from December 31, 2020 to 2018.

Disposition at Sine Die:

LB 126 remains in committee.

LB 129 (Morfeld) Increase the earned income tax credit

Introduced Version:

The bill would increase the amount of the Nebraska Earned Income Tax Credit. Currently, taxpayers whose AGI is less than \$29,000 receive a refundable Nebraska credit equal to 10 percent of the federal credit. The bill would increase the percentage amount of the credit to 11 percent for tax 2018 and 12 percent for tax year 2019.

Disposition at Sine Die:

LB 129 remains in committee.

LB 161 (Friesen) Change a carryover period under the Nebraska Advantage Act

Introduced Version:

The bill makes one significant change to the Nebraska Advantage Act. The various tiers under the Act require varying levels of investment and new job creation and some variations in benefits granted depending on the tier selected. The Act allows taxpayers to carryover credits earned but not yet used for a specified period, also based on the tier for which the project was approved.

Tier 6 requires investment of \$10 million and 75 new FTE's or \$106 million investment and 50 FTE's. Investment and wage credits are higher than other tiers. Tier 6 is the only tier allowed to claim a credit refund of property taxes paid on real property bought or built during the entitlement period. This refund is not allowed if the property is subject to TIF. The attainment period is 10 years which is the longest of all the tiers but the carryover period is only one year after the attainment period. Other tiers allow carryover of credits for as long as eight years after the attainment period.

The bill would extend the carryover period from one to 20 years. Note that this change applies retroactively to all applications filed before, on or after the effective date of the bill.

Committee Amendment: AM 141 - adopted

The amendment adjusts the proposed carryover period for a Tier 6 project under the Nebraska Advantage Act from 20 to 16 years.

Disposition at Sine Die:

LB 161 was advanced to General File as amended. LB 161 passed on Final Reading, 44-2-3 and approved by the Governor on April 27, 2017.

LB 174 (Morfeld) Adopt the Apprenticeship Training Program Tax Credit Act

Introduced Version:

The bill creates the Apprenticeship Training Program Tax Credit Act. It creates a nonrefundable income tax credit for employers participating in a qualified apprenticeship training program administered pursuant to 29 U.S.C. 50. Such a program must consist of at least 1,200 hours but not more than 8,000 hours of the on-the-job training, must be certified in accordance with regulations adopted by the U.S. Department of Labor and must be administered by trustees.

The credit is equal to \$1 multiplied by the total number of hours expected be worked during the following calendar year by apprentices, but cannot exceed \$2,000 per apprentice in any year or 50 percent of the total wages expected to be paid or whichever is less. The total program amount is capped at \$2.5 million per year. The credit is available against individual, corporate, and fiduciary income tax as well as the insurance premiums tax.

The bill is operative for tax years beginning or deemed to begin on January 1, 2018.

Disposition at Sine Die:

LB 174 remains in committee.

LB 215 (Harr) Adopt the Nebraska E-15 Tax Credit Act

Introduced Version:

The bill creates a refundable tax credit for retailers who sell E-15 ethanol blended gasoline. The gasoline must be sold through a pump located at the taxpayer's retail site. The credit is equal to 5 cents multiplied by the total number of gallons sold during the prior calendar year.

The program is capped at \$1 million in any calendar year. In lieu of claiming the refund, the taxpayer may elect to carry forward any excess credits. No new applications will be accepted after December 31, 2022. The credit is available for all income tax programs including insurance premiums tax and the bank franchise tax.

The bill is operative for tax years beginning or deemed to begin on January 1, 2018.

Disposition at Sine Die:

LB 215 remains in committee.

LB 217 (Harr) Change revenue, taxation, economic development, and tax incentive provisions

Introduced Version:

This bill would require the accrual of interest on the amount of property taxes due beginning thirty days after the county assessor receives approval from the county board to remove or reduce the exemption from the tax rolls of the county. The current interest rate is 14 percent.

The bill has a date of January 1, 2018.

Committee Amendment: AM 634 – approved

The amendment incorporates the provisions of the following bills into LB 217:

LB 49, as amended;

LB 228, as amended;

LB 238, as amended;

LB 288 as amended by AM 323;

LB 387; and

LB 233, as amended by AM 127, and already advanced to General File.

Section 1. Eliminates obsolete language with respect to raffles and lotteries;

Section 2. Allows county assessors to notify political subdivisions of their certified taxable property values electronically or by mail if requested by the political subdivision.

Section 3. Makes a minor change to the allocation of funds under the Affordable Housing Trust Fund;

Section 4. Allows for the use of electronic reports for cigarette manufacturers;

Section 5. For Rent-Restricted Housing Projects, allows for the use of electronic statements; requires the Department of Revenue to forward such statements to relevant county assessors;

Sections 6, 7 and 8. For purposes of a treasurer's tax deed, changes provisions for notice to owner-occupants or other persons entitled to notice;

Section 9. Allows for the use of electronic reports for cigarette wholesalers;

Section 10. Allows for the use of electronic reports for cigarette exporters;

Sections 11 and 12. Requires the Tax Commissioner to prepare a report within 60 days of the enactment of an amendment to the Internal Revenue Code that details the effect on state income taxes for a change that begins during the calendar year in which the amendment is enacted if the effect is more than \$5 million;

Section 13. Matches to the federal filing date for withholding tax reports;

Sections 14 and 15. Matches to the federal provisions allowing correction of mathematical or clerical errors regarding income tax information reported by a taxpayers;

Section 16. Clarifies the method for claiming an employer tax credit for hiring former recipients of benefits under the Temporary Assistance for Needy Families Program;

Section 17. Allows for the use of electronic forms for county assessors under the Homestead Exemption;

Section 18. Delays the accrual of interest on homestead exemptions claims that are reduced or denied until 30 days after the county assessor receives the approval from the county board to adjust the exemption;

Section 19. Under the Property Tax Credit Act, requires county treasurers to electronically file certain reports with the Property Tax Administrator;

Section 20. Under the Nebraska Advantage Act, clarifies that the property tax exemption applies to qualifying property based on the date the property was placed in service, rather than the date acquired, which conforms to other definitions;

Sections 21, 22, 23 and 24. Under the Nebraska Advantage Microenterprise Tax Credit Act, eliminates the definition of and references to "distressed areas" as that term has become unnecessary;

Sections 25, 26 and 27. Under the Angel Investment Tax Credit Act, removes the definition of and references to "distressed areas" and clarifies reporting requirements;

Section 28. Changes the reporting date for county assessors for school adjusted value from August 25th to August 20th of each year and the date for amended school adjusted value from September 30th to August 31st;

Section 29. Allows the Business Recruitment Division of the Department of Economic Development to withhold information regarding recruitment, location, relocation and expansion projects until after a public announcement by an authorized representative of the business or the Department or until negotiations have been completed, whichever is earlier;

Sections 30, 31 and 32. Under the Business Innovation Act, removes the definition of and references to "distressed areas" and allows but does not mandate that the Department of Economic Development adopt and promulgate regulations;

Section 33. Provides an effective date of three calendar months after the bill becomes law, except for Sections 18 and 35 which become operative on January 1, 2018, and other effective dates as provided in the bill;

Section 34, 35 and 36. Repealer provisions;

Section 37. Outright repeals certain sections of statute;

Section 38. Emergency Clause.

Disposition at Sine Die:

LB 217 was advanced to General File as amended. LB 217 was passed on Final Reading with the Emergency Clause, 47-0-2. LB 217 was approved by the Governor on April 27, 2017.

LB 272 (Vargas) Change procedures for tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act

Introduced Version:

The bill makes changes to the Job Creation and Mainstreet Revitalization Act, also referred to as the Historic Tax Credit.

The statute currently requires that within 12 months of the property being placed in service, an approved applicant must file all required information with the State Historical Officer and pay a fee to receive final approval of the project. The officer may either approve the request for final approval or deny the request and provide a written explanation of the decision. If the Officer denies the request for final approval, the applicant may file a protest of the Officer's denial.

If the officer does nothing within 30 days of receiving the request, the request is deemed approved. Once approved, the Department of Revenue must determine the amount of eligible expenditures, calculate the amount of the credit and issue a certificate evidencing the credit.

The bill adds a new requirement that the Department must complete its work within 60 days after receiving the final approval or the filing of a protest. If not, the credits are deemed approved in the amount requested. However, the amount cannot exceed 110 percent of the amount allocated by the officer for the project nor may it increase the total amount of credits allocated for the calendar year.

The bill also allows an applicant to file a protest with regard to the determinations made by the Department.

Disposition at Sine Die:

LB 272 remains in committee.

LB 291 (Larson) Adopt the Special Economic Impact Zone Act and change the Nebraska Investment Finance Authority Act and the Nebraska Revenue Act of 1967 as prescribed

Introduced Version:

This bill create the Special Economic Impact Zone Act (Act). Each reservation in the State is established as a special economic impact zone. The Act is to encourage the formation and expansion of businesses on reservations in the State.

For tax years on or after 2018:

- A qualified business may exclude any income derived during the taxable year from sources within a special economic impact zone; and
- A qualified business shall be exempt from sales and use taxes for the first \$10M of eligible purchases for each calendar year.

Any qualified business receiving tax incentives under the Nebraska Advantage Act shall be also eligible to qualify for the tax incentives provided in the Act.

NIFA will be required to give a bonus equal to 2 percent of the total number of points allowable under such scoring system to any project located in a special economic impact zone.

The Department of Revenue will be required to enter into a revenue-sharing agreement with any federally recognized tribe (Tribe) if the agreement contains the all the following provisions:

- The duration of the agreement;

- The purpose of the agreement;
- A tribal tax less than or equal to the state sales and use tax;
- The tribal tax will not be imposed on any transaction that is exempt from sales and use tax;
- The tribal tax will be imposed on members and nonmembers of the Tribe;
- 20 percent of the tribal tax will be shared with the State;
- Provisions for administering, collecting, and enforcing the agreement and for the mutual waiver of sovereign immunity objections with respect to such provisions;
- Remittance of taxes collected;
- The method to be employed in accomplishing the partial or complete termination of the agreement;
- A dispute resolution procedure; and
- Adequate reporting and auditing provisions.

A revenue-sharing agreement containing more than the provisions mentioned above will give the Department of Revenue the discretion on whether or not to enter into such agreement.

Committee Amendment: AM 530 – adopted

The amendment reduces the exemption from sales and use taxes to the first \$250,000 of eligible purchases.

Disposition at Sine Die:

LB 291 was advanced to General File as amended. LB 291 advanced to Select File.

LB 295 (Smith) Adopt the Opportunity Scholarships Act and provide tax credits

Introduced Version:

The bill creates the Opportunity Scholarships Act.

The bill creates a nonrefundable tax credit for contributions to one or more scholarship-granting organizations. The credit is available against individual (including estates and trusts) and corporate income tax, equal to the total amount of the contribution made during the tax year. Any unused credit may be carried forward for five years. The taxpayer may not specifically designate their contribution for a particular eligible student. The taxpayer must notify the organization in advance of its intent to make a contribution and the amount of the proposed contribution. The organization must then notify the Department of Revenue of the intent to claim a tax credit. The contribution must be made between 31 and 60 days after notifying the organization.

An eligible student is defined as a Nebraska resident who is or may be enrolled full-time at a qualifying school and who is a dependent member of a household for which the gross income for the most recently concluded calendar year before the student receives a scholarship does not exceed two times the income under the eligibility guidelines for reduced price meals under the National School Lunch Program. The student must also be (1) receiving a scholarship for the first time and is either entering kindergarten or ninth grade or transferring from a public school and is entering any grade or (2) has previously received a scholarship and is continuing education until they graduate from high school or reaches 21 years of age or (3) is the sibling of a student who is receiving a scholarship and resides in the same household.

A qualifying school is defined as any nongovernmental, privately operated elementary or secondary school in this state that is operated not for profit, does not discriminate on the basis of race, color or national origin, complies with all health and life safety laws or codes that apply to privately operated schools and fulfills the applicable accreditation or approval requirements under §79-318.

A scholarship-granting organization must be certified by the Department of Revenue. Such certification requires the organization to be exempt from federal income tax under §501(c)(3) and offer one or more scholarship programs for eligible students without limiting such scholarships to only one qualified school. The organization must allocate at least 90 percent of its revenue for scholarships and no more than 10 percent for administrative costs, or 95 percent and no more than five percent for administrative costs, depending upon the aggregate amount of tax credits.

The percentage of funds allocated for scholarships is measured by a monthly average over the most recent 24 month period, or for an organization that has been certified for less than 24 months, for the period of time the organization has been certified.

The aggregate amount of tax credits may not exceed \$10 million for calendar year 2016. For subsequent years, the limit is based on a mathematical calculation. The bill sets the operative date as taxable years beginning or deemed to begin on or after January 1, 2018 and contains a severability clause.

Committee Amendment: AM 1418 - pending

The amendment becomes the bill. It imposes limits on the amount of the credit for various taxpayers as follows for tax year January 1, 2019:

1. Individuals - \$10,000 if married filing joint; \$5,000 all other taxpayers;
2. Partnerships, LLC's and S Corporations - \$50,000;
3. Trusts and Estates - \$50,000; and 4. Corporations - \$150,000

The credit amounts are indexed for inflation for each subsequent tax year. They may also be increased by 20 percent each year if the 95 percent threshold described below is achieved.

The total amount of credits for tax year 2019 is capped at \$2 million. Each subsequent tax year the amount of the cap is indexed for inflation and may also be increased by 20 percent if the prior year's intended tax credits exceed 95 percent of the prior year's annual limit. The annual limit may not exceed \$10 million in any tax year.

Disposition at Sine Die:

LB 295 was advanced to General File as amended. LB 295 remains on General File.

LB 373 (Schumacher) Change and eliminate revenue and taxation provisions

Introduced Version:

The bill terminates numerous tax credits, exemptions and other benefits after the effective date of the bill, including the following:

- No applications or payments under the Sports Arena Facility Financing Act;
- Build Nebraska Act;
- New Markets Job Growth Investment Act;
- Historic Tax Credit;

- Personal Property Tax Relief Act;
- Sales tax exemption for;
 - molds and dies;
 - fees and admissions charged by 501(c)(3) organizations for statewide sport events or for the YMCA;
- Certain sales tax refunds;
- Indexing income tax brackets for inflation and previous adjustments of the income tax brackets;
- Previous reductions to the income tax rates for the first three brackets;
- Reduces the EITC from 10 to 8 percent of the federal credit;
- Exclusions for income earned in other states by S Corporations and LLC's;
- Previously increased exclusion for Social Security benefits;
- Military retirement exemption;
- Extension of net operating loss carryforwards from 5 to 20 years (federal rule);
- Market-based sourcing for corporate tax purposes;
- Nebraska Advantage Act.

The bill reinstates the following taxes:

- Estate Tax;
- Generation-Skipping taxes;
- Sales tax on certain contractor labor;
- Alternative Minimum Tax;

The bill includes a phase-out of the personal exemption credit, the standard deduction and certain itemized deductions; Makes changes to qualifying under the Homestead Exemption; Increases the valuation of ag land from 75% to 80% of market value; and redirects the sales and use taxes in excess of five percent on the sale of motor vehicles from the Highway Allocation Fund to the General Fund.

Disposition at Sine Die:

LB 373 remains in committee.

LB 374 (Schumacher) Provide an income tax credit for corporate income taxes paid and change sunset dates under the Nebraska Advantage Act

Introduced Version:

The first sections of the bill would create a new credit for corporate taxpayers. One half of the credit would go to shareholders and the other half to employees of corporate taxpayers. The credit would be equal to 100 percent of corporate income taxes paid and would be nonrefundable. Corporate taxpayers receiving this credit would not be ineligible for all other tax incentive and credit programs.

The remaining sections of the bill would terminate applications for the Nebraska Advantage Act filed after the effective date of the bill. The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 374 remains in committee.

LB 387 (Lindstrom) Change and eliminate provisions relating to various tax credit programs and economic development activities

Introduced Version:

The bill makes changes to several programs administered by the Department of Economic Development.

Section 1 makes a minor change to the Affordable Housing Trust Fund.

Sections 2, 3, 4 and 5 makes changes to the Nebraska Advantage Microenterprise Tax Credit Act by removing references to and the requirement that such projects must be in a “distressed area.”

Sections 6, 7 and 8 amend the Angel Investment Tax Credit Act. The first change removes the requirement that the investments must be made in small business in a “distressed area.” The second change removes the difference in credits based on the location of the small business. The credit is set at a uniform 40 percent of qualified investment and the reference to “distressed areas” is removed. The third change maintains the confidentiality of investors but not of the qualified small businesses.

Section 9 changes responsibilities of the Business Recruitment Division of the Department of Economic Development. It allows the Division to withhold pertinent information regarding business recruitment until a public announcement is made about the project or until negotiations with the Division or another governmental entity have been completed, whichever is later.

Section 10 changes from “shall” to “may” the language that allows the department to promulgate rules and regulations to carry out the various programs listed in Section 81-1201.01 to 81-1201.20.

Sections 11 and 12 remove the definition of a “distressed area” from the Business Innovation Act and remove the requirement under the Act to direct at least 40 percent of the funding to distressed areas.

Disposition at Sine Die:

LB 387 was amended into LB 217 with AM 634. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 443 (Bolz) Adopt the Student Loan Repayment Tax Credit Act

Introduced Version:

The bill creates the Student Loan Repayment Tax Credit Act. It allows a Nebraska employer to claim a nonrefundable credit for the repayment of student loans on behalf of qualified employees, up to a total of 20 employees. The credit is limited to 50 percent of the payments made during the calendar year up to a maximum of \$1,800 per employee.

The employer must:

- Employ one or more qualified employees;
- Be subject to income or franchise tax; and
- Be physically located in the state.

A qualified employee must:

- Be employed for at least 480 hours during the year in which the repayment is made;
- Have graduated or earned a certification from a postsecondary educational institution; and

- Incurred a student loan while attending the institution.

The payment must be made directly to the relevant lender or servicer of the loan. The employer must apply with the Department of Revenue between January 1 and March 31 of the calendar year in which it plans to make such payments. The Department must certify the amount of credits approved to the employer.

The program is capped at \$1,500,000 per year. At least 40 percent of the credits must be awarded to employers that have 30 employees or less or that are located in a city of the first or second class or a village.

Unused credits may be carried forward until fully utilized. Any employer who is claiming deductions on its federal return for repayment of any student loans must add such deductions back for Nebraska purposes. Failure to comply allows the Department to recapture any Nebraska credits claimed for three years after the year in which the credits were claimed.

The Department is required to file an annual report which includes among other things the number of qualified employees who as of the most recently completed tax year have paid income taxes to the state.

Applications for the credits may be accepted beginning January 1, 2018. Applications will no longer be accepted after December 31, 2022.

Disposition at Sine Die:

LB 443 remains in committee.

LB 467 (Krist) Change provisions relating to certain tax incentive programs

Introduced Version:

The bill temporarily freezes applications and credits under certain tax incentive and credit programs as follows:

- New Markets Job Growth Investment Act – No applications from July 1, 2017 through June 30, 2019;
- Nebraska Job Creation and Mainstreet Revitalization Act – No credit allocations or applications for the period January 1, 2018 through December 31, 2019;
 - Any credits not allocated during calendar year 2017 through 2020 shall expire;
 - Prohibits the final approval of any project from January 1, 2018 through December 31, 2019;
- Nebraska Advantage Act – No applications may be approved from July 1, 2017 through June 30, 2019.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 467 remains in committee.

LB 468 (Krist) Change revenue and taxation provisions

Introduced Version:

The bill removes certain tax benefits from various sections of Nebraska tax law.

Sections 1, 2 and 3. Excludes tax years 2018 and 2019 from the Personal Property Tax Relief Act, which provides an exclusion for the first \$10,000 of value on tangible personal property such as agricultural and commercial machinery and equipment;

Section 4. Eliminates indexing the individual income tax brackets for a two year period between taxable years 2018 and 2020;

Section 5. Eliminates the special capital gains exclusion for a two year period between taxable years 2018 and 2020;

Section 6:

- Terminates the transfer of sales and use taxes from the sale of motorboats, personal watercraft, all-terrain vehicles and utility-type vehicles to the Game and Parks Commission for transactions occurring on or after July 1, 2017; and
- Terminates the transfer of sales and use tax from the sale or (or a lease for a period of more than 31 days) of motor vehicles, trailers and semitrailers to the Highway Trust Fund (for the first five percent of the tax) and to the Highway Allocation Fund (for the amount in excess of the first five percent of the tax).

Section 7. Delays the increase in the Property Tax Credit Fund to \$224 million for two years, until tax year 2019. It also reverts to the old distribution method used prior to LB958 (2016). Since the Property Tax Credit Fund amount is set through the appropriations process, it is unclear what amount of money would be available for tax years 2017 and 2018.

Section 9. Includes an E clause.

Disposition at Sine Die:

LB 468 remains in committee.

LB 475 (Schumacher) Change the application deadline under the Nebraska Job Creation and Mainstreet Revitalization Act

Introduced Version:

The bill would prohibit new applications for the Job Creation and Revitalization Act, also known as the Historic Tax Credit, after the effective date of the bill. The bill contains the emergency clause.

Disposition at Sine Die:

LB 475 remains in committee.

LB 498 (Brewer) Change provisions relating to transfer of homestead exemptions

Introduced Version:

This bill would remove the January 1 through August 15 ownership and occupancy requirement to transfer homestead exemption to the new homestead.

Disposition at Sine Die:

LB 498 remains in committee.

LB 528 (Harr) Change provisions relating to the New Markets Job Growth Investment Act

Introduced Version:

The bill makes changes to the New Markets Job Growth Investment Act.

Section 1. Current law allows an economic-impact project to be financed in whole or in part by the use of the federal credit. The bill would also allow projects to be financed in whole or in part by the use of the Nebraska credit.

Section 2. The definition of a qualified active low-income community business excludes businesses that are essentially engaged in renting or selling real estate. This exclusion does not apply to a business that is controlled by another business if the second business is not essentially engaged in renting or selling real estate and is the primary tenant of the real estate leased from the first business. This last requirement is eliminated under the bill.

Section 3. Modifies the definition of qualified community development entity by removing the requirement that the entity have entered into an allocation agreement with the federal government.

Section 4. Eliminates the requirement to file a copy of the allocation agreement with an application and the attestation by an executive officer regarding the allocation agreement.

Section 6. Emergency clause.

Disposition at Sine Die:

LB 528 remains in committee.

LB 543 (Watermeier) Change provisions relating to applications and reporting requirements under the Nebraska Advantage Act

Introduced Version:

The bill makes specific amendments to the information required to be provided by taxpayers participating in the Nebraska Advantage Act, relative to evaluations of the program under the Legislative Performance Audit Act.

The specific provisions address situations regarding members of unitary groups for corporate income tax purposes and additional information to confirm employee or FTE jobs claimed for qualification under the Advantage Act.

Disposition at Sine Die:

LB 543 remains in committee.

LB 546 (Watermeier) Change the Nebraska Advantage Act

Introduced Version:

The bill makes numerous changes to the provisions of the Nebraska Advantage Act.

Sec. 5 Page 3 – Creates development regions, in addition project locations;

Sec. 7 Page 5 – Expands the definition of “qualified property” to include incidental leasing of a building and telecommunications infrastructure that is connected to but not adjacent to a qualified location;

Sec. 8 Page 6 – Amends the definition of “number of new employees” under a Tier 1, 2, 3 or 4 project;

Sec. 9 Page 9 and 10 – Changes the definition of “qualified business activities” to a list of excluded, non-qualifying activities, rather than the current list of qualified activities;

Sec. 10 Page 11 – Adds a definition of the term “qualified location”;

Sec. 12 and 13 Page 12 – Adds definitions of the terms “required levels” and “required wages”;

Sec. 16 Pages 16 through 20 –

- Streamlines the application process;
- Requires the Tax Commissioner to approve or not approve an application with 60 days, unless additional information is required, in which case the 60 limit is tolled or if the taxpayer and Tax Commissioner agree to extend the 60 days;
- If the Tax Commissioner fails to make a determination within 60 days, the application is deemed approved;
- Requires a written agreement 60 days after the application is approved;
- Requires a timetable of sales tax refunds and requires an annual notice from the taxpayer to the Tax Commissioner of any changes which may affect the timetable;
- Changes certain provisions dealing with other tax incentive programs relative to the Nebraska Advantage Act; and
- Allows for more than one agreement at a time, allows for modification of agreements and allows the Departments of Revenue and Labor to share information as provided;

Sec. 18 Page 21 through 23 – Extends the sunset dates for the various Tiers;

Sec. 19 Page 31 through 39 – Incorporates the new definitions and terms, reorders and restates the required investment and employment requirements for each tier for applications filed on or after January 1, 2018, the benefits available, the applicable sunset date, and addresses applications filed on or before the sunset date;

Sec. 21 Page 44 through 48 – Restates the provisions for claiming benefits for application filed on or after January 1, 2018, but adds the provision that the taxpayers may begin claiming credits once certified by the Tax Commissioner or “a certified public accountant approved by the Tax Commissioner;”

Sec. 23 Page 52 through 54 – Reorders and restates the recapture provisions applicable to applications filed on or after January 1, 2018.

The remaining sections contain technical corrections to implement the various changes in terminology and Section 27, page 58 adds language requiring the Department of Labor to collect and report wage data on a quarterly basis. The bill contains the E Clause.

Disposition at Sine Die:

LB 546 remains in committee.

LB 557 (Harr) Adopt the Great Opportunities Nebraska Act

Introduced Version:

The bill creates the Great Opportunities Nebraska Act as a replacement for the Nebraska Advantage Act. The provisions of the new Act are substantially similar to those in the old Act.

One notable difference is the addition of a new Tier 7. The new tier requires investment of at least \$1,000,000 and the hiring of at least five new employees who are paid at least the Tier 7 required compensation or the hiring of at least 10 new employees who are paid at the required levels. Tier 7 compensation means 150 percent of the Nebraska statewide median hourly wage. Taxpayers who may qualify for this new tier must have less than 50 total employees during the base year at all U.S. locations.

Benefits under the new tier are similar to the other tiers except for a new, one-time payment from the state of \$10,000 per each new employee, not to exceed the amount expended by the taxpayer for job training and talent recruitment. A new benefit is created for Tiers 2, 4, and 6 to use up to 25 percent of the credits earned to obtain a payment from the state for the public infrastructure costs incurred.

The bill amends Section 77-5725, which contains the sunset dates for the Nebraska Advantage Act. Applications may no longer be accepted and agreements may not be executed under the old Act as of the effective date of this bill, which contains an Emergency Clause.

It is presumed that the Department of Revenue may begin accepting applications under the new Act as of the effective date of the bill.

Disposition at Sine Die:

LB 557 remains in committee.

LB 561 (Schumacher) Create the Taxpayer Investment Program

Introduced Version:

The bill creates the Taxpayer Investment Program. The Program would allow taxpayers to make advance tax payments or tax investments that would accumulate interest at the rate specified in the bill. The taxpayer could then redeem the investment as a nonrefundable credit against taxes owed to the State after five years or upon reaching the age of 62, or upon death, whichever is earlier.

The investment is capped at \$10,000. Such investments shall be credited to the State Highway Capital Improvement Fund. Credits may be transferred subject to certain conditions, including a ten percent transfer fee to the State. Credits remaining unclaimed upon the death of the taxpayer would be applied first to any inheritance tax, then to reimburse any state aid paid under Chapter 68 (Public Assistance), then a ten percent transfer fee to the state and then to the heirs or devisees of the decedent.

Credits must be claimed on a first paid, first claimed basis. The State may redeem outstanding credits. Credits expire unless claimed within twenty years of the underlying payment or for credits held by the original payor five years from the later date of death or a surviving joint filer.

The bill contains a severability clause.

Disposition at Sine Die:

LB 561 remains in committee.

LB 563 (McCollister) Impose sales tax on certain services and eliminate certain sales tax exemptions

Introduced Version:

Section 1. Makes minor changes as needed to the Tax Expenditure Report (Items that are not currently taxed but would become subject to tax no longer need to be accounted for in the Report).

Section 2. Amends the definition of gross receipts to include the following services;

- Motor vehicle repair;
- Storage and moving services;
- Personal care services including hair care, hair removal, massage, nail care, skin care, tanning, tattoos, other body modifications and other beauty and personal care services;
- Local taxi, limousine or other luxury vehicle services and any other transportation services by motor vehicle;
- Dry cleaning and other laundry service;
- Lawn care, gardening, and landscaping;
- Weight loss;
- Interment of human remains;
- Bail bonding;
- Wedding planning;
- Shoeshine;
- Social escort services;
- Personal instruction;
- Telefloral deliveries to other states;
- Parking and docking fees;
- Investment advice;
- Interior design;
- Custom meat slaughtering;
- Hunting and fishing guides;
- Swimming pool cleaning and maintenance;
- Debt counseling; and
- Tax return preparation.

Section 5. Outright repeals the following sales tax exemptions:

- Minerals, oil or gas;
- Coin-op laundry; and
- Lottery tickets.

Disposition at Sine Die:

LB 563 remains in committee.

LB 565 (McCollister) Require the posting of tax incentive information under the Taxpayer Transparency Act

Introduced Version:

The bill requires disclosure of certain information by taxpayers under the Taxpayer Transparency Act, Sec. 84-602.01 to 84-602.04. This program is administered by the State

Treasurer. Sec. 84-602.04 provides for a website which, among other things, lists certain expenditures of state funds.

The bill would require any taxpayer receiving benefits under all tax incentive and credit programs to disclose the following information for publication on the website:

- Identity of the taxpayer;
- Location where the taxpayer is earning incentive payments;
- Name of the tax incentive program being utilized;
- List of individual incentive payments received under the program;
- Public benefits intended to be produced to earn incentive payments, such as jobs and investment;
- Amount of such public benefits actually produced; and
- Any recapture amount of incentive payments.

The taxpayer information for fiscal years 2008-09 through 2016-17 must be made available on the website no later than October 1, 2017 and no later than 30 days after the close of subsequent fiscal years.

Committee Amendment: AM 650 - pending

The Committee Amendment only requires the following programs to be added to the State Treasurer's Taxpayer Transparency Website:

- The Nebraska Advantage Act
- The Nebraska Advantage Microenterprise Tax Credit Act
- The Nebraska Advantage Research and Development Act
- The Nebraska Advantage Rural Development Act -The Nebraska job Creation and Mainstreet Revitalization Act -The New Markets Job Growth Investment Act
- The Renewable Energy Tax Credit
- Any similar programs providing tax credits or tax refunds after the effective date of this Act

Information on the Website shall include:

- The identity of the taxpayer;
- The location where the taxpayer is using tax credits or tax refunds
- The name of the program under which the taxpayer is earning tax credits or tax refunds
- The total tax credits used or tax refunds received by the taxpayer under the
- The increases in jobs and investment that are actually produced to earn tax credits or tax refunds
- Any amount of tax credits or tax refunds recouped from the taxpayer for failure to provide the increases in jobs and investment required under the program.

The website shall contain the total amount of tax credits used by taxpayers each year for the Nebraska Advantage Research and Development Act.

The data for fiscal years 2014-15 through 2016-17 shall be available on the website no later than December 31, 2017.

All state entities shall provide the State Treasurer such information as is necessary to accomplish the purposes of this Act.

Disposition at Sine Die:

LB 565 was advanced from the committee to General File as amended. LB 565 remains on General File.

LB 592 (Crawford) Change the tax incentives available under the Nebraska Advantage Act

Introduced Version:

The bill amends the Nebraska Advantage Act by removing the local option sales and use taxes as part of the direct refunds and credits that may be earned by taxpayers under the Act. The change would apply to applications filed on or after January 1, 2018.

Disposition at Sine Die:

LB 592 remains in committee.

LB 607 (Kintner) Provide a homestead exemption for certain first responders

Introduced Version:

No summary available.

Disposition at Sine Die:

LB 607 was Indefinitely Postponed by the committee on February 7, 2017.

Miscellaneous

LB 15 (Craighead) Adopt the First-Time Home Buyer Savings Account Act

Introduced Version:

The bill creates the First-time Home Buyer Savings Account Act. It allows any person to make contributions to one or more accounts with a financial institution. This is the account holder. A first-time home buyer (“qualified beneficiary”) may then draw funds from the account to pay “eligible costs” as defined. The money in the account may be withdrawn for the purchase of a single-family home in this state or, outside this state if they are active-duty military who were stationed in Nebraska any time after creation of the account. A maximum of \$50,000 may be contributed to any one account for all taxable years and the balance in the account may not exceed \$150,000.

Any interest or other income earned on the account may be subtracted by the account holder from federal adjusted gross income on a Nebraska individual income tax return, to the extent it was included for federal tax purposes. The bill also provides penalties for use of funds for other than eligible costs including recapture for income tax purposes.

The bill is operative for taxable years beginning or deemed to being on January 1, 2018.

Disposition at Sine Die:

LB 15 remains in committee.

LB 49 (Schumacher) Provide for the treatment of certain amendments to the Internal Revenue Code

Introduced Version:

The bill address the potential for changes to the federal income tax laws. In particular, the provisions of the bill would apply when a federal change is enacted and becomes applicable during the calendar year in which it is enacted. Such changes could affect the calculation of Nebraska individual and/or corporate income tax to the extent they effect the calculation of federal adjusted gross income and/or federal taxable income.

The bill would require the Tax Commissioner to prepare a report within 60 days of the enactment of such law changes that details the federal changes and the effect they would have on state revenue. It also requires an outline of the impact on unspecified classes and types of taxpayers.

These requirements only apply when the federal changes effect state revenue by \$5 million or more.

Disposition at Sine Die:

LB 49 was amended into LB 217 with AM 634. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 52 (Schumacher) Adopt the Modern Tax Act

Introduced Version:

The bill creates the Modern Tax Act which imposes a tax of 5.5 percent on interest paid on loans. The tax would be the obligation of the debtor and would be collected by the lender. The tax would be due at the same time as any regularly scheduled payment on the loan. Loans subject to the tax include mortgages, auto loans, commercial paper and any loans secured by filing under the Uniform Commercial Code, but excludes government loans, publicly traded bonds and loan proceeds used by a financial institution to make loans subject to the tax.

The effective date of the bill is January 1, 2018.

Disposition at Sine Die:

LB 52 remains in committee.

LB 98 (Friesen) Extend certain levy authority for natural resources districts

Introduced Version:

A natural resource district that is located in a river basin, sub-basin or reach that has been fully appropriated or over-appropriated has the authority to tax an additional 3 cents to administer and implement ground water manage and integrated management activities under the Nebraska Ground Water Management and Protection Act.

This bill would extend the authority to tax the additional 3 cents from fiscal year 2006-07 through 2017-18 to fiscal year 2006-07 through fiscal year 2025-26.

Disposition at Sine Die:

LB 98 was advanced to General File. LB 98 failed to advance to Select File and remains on General File.

LB 228 (Harr) Change provisions relating to rent-restricted housing projects

Introduced Version:

The bill makes changes related to Rent-Restricted Housing Projects Valuation.

Section 1:

- Provides that the statement to be filed by the owner of a rent-restricted project shall now be done electronically and on a form as prescribed by the Tax Commissioner;
- The filing date is changed from October 1 of each year to July 1;
- The Department of Revenue is now required to forward such statements to the county assessor of each county in which a project is located, rather than the applicant filing the statement with each county;
- The Department must forward the statements no later August 15 of each year;
- Authorizes the Rent-Restricted Housing Projects Valuation Committee to calculate an additional capitalization rate if it determines that a particular housing type requires a different rate than the one calculated for the rest of the state.

Section 3. Emergency Clause

Disposition at Sine Die:

LB 228 was amended into LB 217. LB 217 as amended was passed on Final Reading on April 24, 2017 and approved by the Governor on May 2, 2017.

LB 253 (Crawford) Authorize intergovernmental service agreements under the County Industrial Sewer Construction Act and authorize a use for a sewer tax levy

Introduced Version:

LB 253 would allow a county and any city, village, or SID to enter into a service agreement with any joint entity created pursuant to the Interlocal Cooperation Act or any joint public agency created pursuant to the Joint Public Agency Act which owns or operates or proposes to own or operate any sewerage disposal system and plant, including the use or right to use real or personal property included in any such project.

The bill provides the parameters of the service agreement to include:

- Payment of fixed or variable periodic amounts for service or the right to obtain service, including the use or right to use real or personal property;
- May extend for a term of years as determined by the governing body of the county, city, village, or SID;
- Fixed or variable periodic amounts payable may be determined based upon any of the following factors, or such other factors as may be deemed reasonable by the parties;
 - Operating, maintenance, and management expenses, including renewals and replacements for facilities and equipment;
 - Amounts payable with respect to debt service on bonds or other obligations, including margins of debt service coverage if deemed appropriate; and
 - Amounts necessary to build or maintain operating reserves, capital reserves, and debt service reserves.
- May require payment to be made in the agreed fixed or variable periodic amounts regardless of whether such sewerage disposal system and plant or plants are completed or operational and notwithstanding any suspension, interruption, interference, reduction, or curtailment of the services of such project or system; and
- Such other provisions as the parties to the service agreement deem appropriate in connection with constructing and operating a sewerage disposal system and plant or plants.

A county, city, village, or SID may provide that payments be made from a special tax levied for such purpose upon all taxable property within such county, city, village, or SID. The special tax shall have the same status as a tax levied for the purpose of paying bonds approved according to law and secured by a levy on the property of such county, city, village, or SID.

Committee Amendment: AM 693 – approved

LB 253 allows the county, cities, villages, and SIDs to enter into the inter local agreement which gives them the authority to enter into service agreements and exceed their budget limitations for amounts paid with respect to debt service on bonds, if necessary, but would not allow them to exceed their levy limitations for such purposes.

As amended, LB 253 will allow Sarpy County to use the levy authority it has per the County Industrial Sewer Construction Act to secure bonds for a regional wastewater system. The taxing authority in Section 23-3613 will not extend to cities, villages, or SIDs in the inter-local agreement.

LB 253, as amended will eliminate Joint Public Agencies as an option for the county, cities, villages, and SIDs collaborating on a regional wastewater system. These entities will need to enter into an inter-local agreement per the Inter-local Agreement Act.

Disposition at Sine Die:

LB 253 was advanced to General File as amended. LB 253 passed on Final Reading, 46-0-3 and was approved by the Governor on May 9, 2017.

LB 326 (Kolowski) Provide additional budget and tax levy authority for certain school districts

Introduced Version:

This bill would provide additional 3 cents per \$100 of taxable valuation for any school district whose average daily membership per total disbursements is below the statewide median calculation for all school districts. The source data for the calculation shall be from the most recently complete data year. The Department of Education shall determine the amounts for each school district and the statewide median. These amounts would be certified on September 15, 2017 and on or before March 1 (the deadline to certify TEEOSA) for each year thereafter.

A 2/3 majority vote of a school board is required to access the additional 3 cents of levy authority. A public hearing is required before the school board may vote to access the additional levy authority.

Disposition at Sine Die:

LB 326 remains in committee.

LB 400 (Hilkemann) Change provisions relating to motor vehicle fees and taxes

Introduced Version:

This bill would provide the seller of a motor vehicle or trailer a refund of the taxes paid based on the number of unexpired days remaining in the registration period.

LB400 has an operative date of January 1, 2019.

Committee Amendment: AM 887 – pending

The Committee Amendment provides that on and after January 1, 2020 amounts for transferring ownership of a motor vehicle or trailer will be calculated by the number of unexpired days remaining in the registration period.

Disposition at Sine Die:

LB 400 was advanced to General File as amended. The bill remains on General File.

LB 535 (Hughes) Change requirements for instruments and statements filed with the register of deeds

Introduced Version:

A grantee or purchaser of an oil, gas or mineral lease would not be required to file with the register of deeds a statement that may contain any information contained in the deed, memorandum of contract, or land contract, the total consideration paid, the amount of the

total consideration attributable to factors other than the purchase of the real estate itself, and other factors which may influence the transaction.

Committee Amendment: AM 203 - approved

The amendment expands the exemption from filing a real estate transfer statement from oil, gas or mineral leases to include subsequent assignment of an easement or a lease.

Disposition at Sine Die:

LB 535 was advanced to General File as amended. LB 535 passed on Final Reading, 49-0-0 and approved by the Governor on April 27, 2017.

LB 633 (Kolowski) Authorize school districts to levy a tax and exceed budget authority for school security measures and student technology

Introduced Version:

This bill would create two specific funds for the receipt and expenditure of additional tax authority for student technology and school security measures.

School boards could vote to access an additional 1 cent (per \$100 of assessed valuation) for student technology expenditures with a 2/3 majority vote of the board. School boards would also be able to access an additional 1 cent (per \$100 of assessed valuation) for school security measures with 2/3 board approval.

The actual expenditure of the funds for student technology expenditures and school security measures would be an exclusion to the expenditure limit.

LB 633 expands the definition of general fund operating expenditures (a component of TEEOSA). The expenditures for student technology and school security measures would not be included in general fund operating expenditures.

As the bill is introduced, by creating two specific budgeted funds for the receipt and expenditures of the monies for student technology expenditures and school security measures keeps the monies out of the General Fund. The expansion of general fund operating expenditures and the new exclusions to the expenditure limit would not be needed since these funds would not be part of a school district's General Fund.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 633 remains in committee.